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## West Europe Report

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## WEST EUROPE REPORT

## CONTENTS

## ARMS CONTROL

## FINLAND

## Briefs

- Conservatives Chief Backs 'Zone' 1

## POLITICAL

## CYPRUS

- Denktas Interviewed on Cyprus Issue Impasse  
(Rauf Denktas Interview; CUMHURIYET, 30 Apr 84) ..... 2

## DENMARK

- Leader of Free Democrats Discusses Goals for New Party  
(V. A. Jakobsen; BERLINGSKE TIDENDE, 18 May 84) ..... 6
- Socialist People's Party Congress Stresses Forging SDP Ties  
(Solveig Rodsgaard; BERLINGSKE TIDENDE, 19 May 84) ..... 8
- Socialist People's Party Youth Wing Breaks With Party Press Plan  
(Klauz; BERLINGSKE TIDENDE, 19 May 84) ..... 10
- Decision To Close Hanoi Embassy Criticized  
(Tage Baumann; AKTUELT, 7 Apr 84) ..... 11
- Poll Shows Decline for Three Coalition Parties  
(Lisbeth Knudsen; BERLINGSKE TIDENDE, 6 May 84) ..... 13
- Frustration With Security Policy Threatens Coalition's Viability  
(Editorial; BERLINGSKE TIDENDE, 6 May 84) ..... 16
- Paper on Denmark's Security, Budget Problems  
(Editorial; DAGENS NYHETER, 8 May 84) ..... 18

## FINLAND

- Kivisto Vows SKDL Will Go Own Way If Stalinists Rule CP  
(HELSINGIN SANOMAT, 9 Apr 84) ..... 19
- Finnish-Soviet Society Finding Youth Harder To Attract  
(Janne Virkkunen; HELSINGIN SANOMAT, 8 Apr 84) ..... 20

## FRANCE

- CERES Activist Motchane Criticizes Government, PSF Leaders  
(Didier Motchane Interview; LIBERATION, 7 May 84) ..... 29
- Collapse of Corsican Assembly Requires New Electoral Law, Elections  
(Daniel Groussard; LIBERATION, 28-29 Apr 84) ..... 34

## ICELAND

- Plan To Give Rainbow Firm Contract for Base Shipping  
(MORGUNBLADID, various dates) ..... 37
- Foreign Minister Geir Hallgrimsson Comments  
Cooperative Leader Comments  
Newspaper Opposes Plan, Editorial  
Eimskip Dependent on Contract  
Paper Views Effects for Eimskip, Editorial

## NETHERLANDS

- Suriname Exile Groups Seek Dialogue With Bouterse  
(Sigi Wolf; ELSEVIERS MAGAZINE, 21 Apr 84) ..... 44

## NORWAY

- Foreign Minister, Nordli Among Prominent MP's Quitting Storting  
(Odd Inge Skjævesland; AFTENPOSTEN, 19 May 84) ..... 47
- Christian Party Chief Demands Willoch Accept Its Social Platform  
(Editorial; AFTENPOSTEN, 18 May 84) ..... 50
- Substitution for Ill Prime Minister Seen Boosting Stray's Career  
(Alf Ole Ask; ARBEIDERBLADET, 10 May 84) ..... 52
- Church Leaders' Strong Entry Into Politics Reviving Christian Party  
(Odd Inge Skjævesland; AFTENPOSTEN, 15 May 84) ..... 54

## SPAIN

- Catalan Election Participants Assess Results  
(ABC, 3 May 84) ..... 56
- Status of 'Operation Roca' in Wake of Catalan Election  
(Carlos Davila, Carmen Rigalt; DIARIO 16, 3 May 84) ..... 58

Biographic Data on ERC Leader Heribert Barrera (Antoni Batista; AVUI, 12 Apr 84) .....	61
ERC Calls for More Generalitat Power, Statute Reform (J. Playa Maset; AVUI, 12 Apr 84) .....	64

#### SWEDEN

Liberal Party Hopes Westerberg in Riksdag Will Revive Fortunes (DAGENS NYHETER, 8 May 84) .....	67
In Riksdag by 1985 Party Drops in Polls Factors in Party's Decline, Editorial, by Tore Winqvist	

#### MILITARY

#### EUROPEAN AFFAIRS

Briefs	
Ireland Shares Sub Problems .....	71

#### DENMARK

Defense Ministry Backs Proposal To Increase Recruits' Fitness (Jens Olaf Jersild; BERLINGSKE TIDENDE, 13 Apr 84) .....	72
Submarine Fleet Commander Defends Retaining His Unit (P. B. Nielsen; AKTUELT, 4 Apr 84) .....	74

#### FEDERAL REPUBLIC OF GERMANY

Action Slow on Projected Bundeswehr Manpower Deficit (Karl Feldmeyer; FRANKFURTER ALLGEMEINE, 9 May 84) .....	76
--	----

#### NORWAY

Navy, Arms Manufacturers See Increase in Sub Intrusions (AFTENPOSTEN, 30 Apr, 9 May 84) .....	80
Vestland Fjords Especially Vulnerable, by Rolf L. Larsen New Underwater Listening Devices Simrad, Thomson Project, by Pal Stensaas	

#### SWEDEN

Book on U 137: Submarine Intruded Intentionally (Anders Hellberg, Anders Jorle; DAGENS NYHETER, 8 May 84).	84
---	----



# ECONOMIC

## FEDERAL REPUBLIC OF GERMANY

- Mechanical Engineering Feels Growing Japanese Pressure  
(Hans Otto Eglau; DIE ZEIT, 9 Mar 84) ..... 89

## FRANCE

- National Employers' Council Chairman on Industrial Reform  
(LES ECHOS, 11 Apr 84) ..... 92

## NORWAY

- Finance Ministry Report Sees Continued Strong Growth in 1985  
(Morten Abel, et al.; AFTENPOSTEN, 12 May 84) ..... 96
- Oil Profits Increasingly Benefiting Government, Onshore Economy  
(Odd Inge Skjaevesland; AFTENPOSTEN, 16 May 84) ..... 102
- Briefs
  - Large Trade Surplus Registered ..... 105
  - Decline in Inflation Growth ..... 105

## PORTUGAL

- First Joint Corporation With Hungary Established  
(O JORNAL, 27 Jan 84) ..... 106
- Details on New Company, Americo Amorim Interview  
Trade Balance With Hungary

## TURKEY

- Ulagay Reflects Economists Views on Ozal Economy  
(Osman Ulagay; CUMHURIYET, 30 Apr 84) ..... 110
- Industrial Development Bank Head on Export Investment  
(Ozhan Eroguz Interview; DUNYA, 30 Apr 84) ..... 113
- Endorsement of Dynamic Foreign Policy for Economic Welfare  
(Editorial; DUNYA, 30 Apr 84) ..... 117
- Domestic Market Revitalization Through 'Liberal Etatism'  
(DUNYA, 30 Apr 84) ..... 119

## ENERGY

### DENMARK

- Impact of Power Firms' Agreement To Buy North Sea Gas  
(BERLINGSKE TIDENDE, 3, 4 May 84) ..... 121

Will Cost Consumers More, by Peter Kjelstrup  
Industry Complains of Costs, by Peter Kjelstrup  
Daily Cites Poor Solution, Editorial  
Large Coal-Fired Plants Planned, by Peter Kjelstrup

## OCEAN/POLAR ISSUES

### DENMARK

- Soviets Fine Fishermen in Baltic  
(GRONLANDSPOSTEN, 28 Mar 84) ..... 127

## ENVIRONMENTAL QUALITY

### DENMARK

- Country To Cut Acidic Sulphur Emissions by Forty Percent  
(Lasse Johansson; DAGENS NYHETER, 11 May 84) ..... 128

### SWEDEN

- New Method To 'Clean' Arsenic From Contaminated Earth  
(Matts Dahlstrom; DAGENS NYHETER, 8 May 84) ..... 131

## BRIEFS

CONSERVATIVES CHIEF BACKS 'ZONE' -- In the opinion of Conservative chairman Ilkka Suominen, the sanctioning of a nuclear-free Nordic area through an agreement could be furthered by concluding an international agreement that would ban the use of military force and in general threatening nations with it, and especially a preemptive strike with nuclear weapons. At a Conservative Party international political seminar on Saturday Suominen said that we should in an unbiased manner consider the possibilities for such measures, which could to a certain extent contribute toward the achievement of the objective. And this because it is unlikely that a zone initiative could be transformed into the form of an international legal agreement in the near future, he argued. Suominen also proposed that one possibility for furthering the establishment of a zone would be general requirements that extend so-called actions that arouse confidence from the range of conventional weapons to also include nuclear weapons. Suominen feels that ideas are sensitive issues between the two superpowers, issues on which rapid progress may not be likely. He said that implementing the proposals would, however, also have a favorable effect on Finland's security. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 8 Apr 84 p 9] 11466

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DENKTAS INTERVIEWED ON CYPRUS ISSUE IMPASSE

Istanbul CUMHURIYET in Turkish 30 Apr 84 p 12

[Interview with Rauf Denktas by Cengiz Candar; at the Hilton Hotel, Istanbul; date unspecified]

[Excerpts] "I consider myself as a person who has fought imperialism all his life." The speaker of those words continued with a mixture of hurt and sadness expressed in his face: "When my life is examined from the British colonial period to the present day, it will be found out that I have been fighting imperialism all my life."

We are talking to Rauf Denktas, the president of Northern Cyprus Turkish Republic, at the lobby of the Hilton Hotel, shortly before he takes off to the "battle of the Security Council,"

At a time when the Cyprus problem is undergoing tough diplomatic tests, we discussed a broad spectrum of issues ranging from the U.S. attitude with regard to the Cyprus issue to the policies of the Greeks, from an evaluation of the UN secretary-general Perez de Cuellar's 'goodwill initiative' to the upcoming Security Council resolution; all this in a light-hearted manner that Denktas carries with him.

He exhibits a blasé attitude about taking off for yet another trip to the Security Council.

[Question] How many times has it been? About ten?

[Answer] What are you talking about? It certainly is not below thirty. I have been going there since 1958. I am quite used to it now. I am even able to sleep on the plane nowadays.

Transmitting the news just phoned in by our Nicosia correspondent, I inquire:

[Question] Have you heard that the Greek Cypriot administration has just issued a statement in reply to your statement published exclusively in our paper

[At this point he makes an allusion to the Turkish prime minister]

Americans should pay close heed to Turgut Ozal's words on the subject of aid. There they will find a highly revealing message for themselves.

[Question] Let's talk about the upcoming Security Council meeting. If the five permanent members of the Security Council arrive at a consensus, and pass a resolution like Resolution 541, or one that involves sanctions, what kind of concrete steps would you take?

[Answer] If they come up with a tougher resolution, we will conclude that there is no one in the Security Council anymore who understands the struggle of the Turkish Cypriot Community. I do not expect them passing such a resolution.

[Question] Let us assume for a moment that they would...

[Answer] I will not do that. It would be an extremely ominous development. It would mean the start of a dangerous game aimed at our freedom and independence. We are a small people but when our honor is on the line there is nothing we cannot do. This is not meant to challenge the Security Council. It means challenging a flawed decision by the Security Council.

We try reminding Denktas that the diplomatic battleground concerning the Cyprus issue will not be confined to the Security Council during the coming week, but due to the Greeks' international diplomatic mobilization, the issue would be brought to a meeting of the British Commonwealth of Nations in New York, arranged for this purpose. Interrupting us, he says:

"It is not only there. They are gathering the non-aligned as well. Kyprianou will be speaking at both meetings. We will try to attend these meetings to let them hear our side of the story. It is up to them whether they listen to us or not. Maybe not in terms of population statistics but we do constitute 50 percent of the Cyprus problem. It is up to them whether they want to close their ears to one half of the problem. Without the other half the problem cannot be resolved."

Can the Cyprus issue be resolved? What does the highest official who represents 50 percent of the problem think about that question? In other words, what are the chances of resolving the issue in practical terms?

Denktas does not indicate optimistic signs for the foreseeable future. The one example that discourages any optimism on his part, and which serves as a warning for him is Crete. He says:

"During the years I lived in Turkey I was busy writing a book, in English titled 'Cyprus: Its Yesterday, Today and Tomorrow'. I researched at the Foreign Ministry when writing this book. They allowed me access to the archives of the General Staff. As I pored over the documents about Crete a good many things started falling into place. The Greeks are employing the same policy in Cyprus as they did in Crete.

on Wednesday?

[Answer] What are they saying?

[Question] They say that Denktas is trying to convert the Cyprus problem into the Magosa problem.

[Answer] We have been telling them the same thing. That they were converting the Cyprus problems into the Maras problem. Are they telling that to us now?

The Greek Cypriots are creating artificial crises in order to place the Cyprus problem on the agenda of international fora. There is no reason for a crisis. Greeks are simply fleeing from the negotiating table. They are trying to take the problem out of the framework as defined by the Denktas-Makarios, and Denktas-Kyprianou summits. They want to change the specification of de Cuellar's role. They wish to appoint him as referee

[Question] Is this your own definition of what Perez de Cuellar's job entails, or does the secretary-general function in this way in any case?

[Answer] It is not a matter of our definition. How 'goodwill initiatives' are to be carried out is fairly well specified.

[Question] But can you tell me that Perez de Cuellar's behavior conforms to your definition?

[Answer] Perez de Cuellar is acting in his capacity as an official of the UN, a large majority of which recognizes the Greeks as the legitimate government. This acts as a constraint in his efforts.

[Question] Is it really this which constrains him, or is he trying to coordinate his policies with the policies of a major power?

What Kind of a Game Is the US Playing?

[Answer] If you ask de Cuellar, he will tell you he is in touch with the permanent members of the Security Council. But when the Americans appear on the scene every time de Cuellar undertakes an initiative, and they start saying 'do this, do that, if not I will do this, I will do that', they are implicating de Cuellar. This makes his task harder.

We who are witnessing this sometimes wonder whether the Americans are trying to do away with the secretary-general's initiatives while appearing to support them.

[When the conversation shifts to the US his voice turns grave]

Nations have their honor, dignity and prestige. These cannot be eliminated by threats and punishments. They cannot be bought off.

[Question] What do you mean?

[Answer] They were creating crises in Crete so as to get the major powers involved. And when the major powers came pressing to the door of the Ottomans they insisted that "it won't hurt to give that much concession". Whenever there was a disturbance the Turks were leaving their homes to get to 'enclaves'. The Greeks stuck with this policy, cleared Crete of the Turks step by step, and managed to join the island with Greece. Do not forget that they have persisted in this policy for 69 years. Only 30 years have passed since the Cyprus problem appeared on the scene.

How Will Certain Leftists Manage to Look Me in the Eye?

When the conversation shifts to a level where issues are viewed from a broad historical perspective, thus avoiding the deceptive superficiality and fluctuations of daily politics, when historical consciousness is brought to bear upon the Cyprus issue, Denktas starts talking with passion. We say: "Unless the Cyprus issue is viewed in the mirror of the past, of history, it is possible to make errors of judgement." Upon which Denktas takes the floor:

"Of course. How will certain leftists manage to look me in the eye? Now they have understood the issue. But even then I end up being the guilty party. Now they say 'we have understood the issue, but you did not explain it to us like this.' Had they tried to learn about the issue instead of branding every word I say as "an agent of American imperialism", they might have understood the problem.

God bless them, they got fixated on the slogan "Cyprus is for the Cypriots", in a way that suited the Greek purposes fine, and they went on like that for quite some time. Who are these Cypriots? In Cyprus, there are two communities, two nations."

This time it is us who interrupt him: "In fact, after the 1960 agreements, even Makarios himself said that the agreements had created a state, not a nation."

Denktas continues:

"Of course. We said the same thing. But if you start saying that Makarios is the apostle of independence, Denktas is the stooge of imperialism, EOKA the army of liberation, Turkish Resistance Organization the fifth column of imperialism, then what?

I consider myself someone who has fought imperialism all his life. Let my life be examined from the British colonial period to the present day. If it will not be seen as a struggle against imperialism then what is it?"

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## LEADER OF FREE DEMOCRATS DISCUSSES GOALS FOR NEW PARTY

Copenhagen BERLINGSKE TIDENDE in Danish 18 May 84 p 13

[Op Ed article by V. A. Jakobsen, Party Chairman: "That Is Why We Formed a New Party"]

[Text] In an editorial on 6 May, BERLINGSKE TIDENDE sought to take a supposedly both serious and rational interest in the formation of the party The Free Democrats, but, unfortunately, the content falls short of the intentions, both as far as seriousness and reason are concerned.

It certainly is a strange idea that it would be alarming to have several (many) parties in a democratic society. In my opinion, exactly from a democratic point of view, it would, indeed, be healthier if a large party, such as the Social Democratic Party, which does, indeed, consist of many factions, would be divided into several parties so that the irksome fetters of party discipline would not restrain many initiatives, whatever direction they might take.

It is, of course, correct, as stated in the said editorial, that the rupture of the party has not brought about any immediate influx of new voters, that, I take, is natural. It was for that very reason that it was necessary to split up the party, when the founders of the new party recognized that the old party had been destroyed. The basis of the party had become too shaky to build upon. On the other hand, positive forces--also new ones--will have free scope within The Free Democrats.

The writer of the editorial may, however, be right in claiming that the rupture of the party, or some other similar drastic reaction, ought to have taken place long ago, and, in that case, it could have happened within the old framework.

As is well-known, it is no use crying over spilt milk, but, on the other hand, I must say that I disagree entirely with the writer of the editorial when he pokes fun at the wrong political calculation of believing that it would be possible some day--although admittedly in the last minute--to unite on the positions and ideas which received such great support in 1973.

Moreover, I assume everybody will have to admit that there is today an even greater need for those positions than was the case in 1973.



The Free Democrats readily admit that there has been a change of course in Danish politics, i.e., that there is a difference between Poul Schluter and Anker Jorgensen, but we are also certain that those of us who organized the formation of The Free Democrats are not the only ones who would wish that this change of course had been more radical and that the shift in the right direction had taken place at a faster rate.

We, furthermore, believe that there are many voters who deplore the fact that it took more than 2 years with a non-socialist government to achieve some kind of balance in the national budget, although there is still an enormous deficit due to interest payments on our debt. In this way, it simply takes too long to correct old mistakes and to cause any progress to be made for the individual Danish citizen.

It is a disappointment that the government wants to preserve the Social Democratic guardian state. We admit that we recognized at a far too late point that the fact that the Progressive Party did not exploit positively the situation when, in 1973, the party got into the Folketing with 28 seats, is deplorable and has been detrimental to the society.

If we had done so, we would have been able to look forward to--or rather would have had--an economic situation in Denmark which also in social and human respects would have a positive effect. It was not to happen, and it is essentially due to the Progressive Party itself that it did not.

It serves no purpose to seek to place the blame for these mistakes--whoever was to blame--we merely have to recognize that the responsibility that these mistakes got the upper hand rests with the entire party.

This is where The Free Democrats will concentrate their efforts. We intend to create a positive and more democratic framework for the positions for which there is such a distinct need and which, as is a matter of common knowledge, receive enthusiastic support.

Neither we nor the writer of the said editorial will be able to evaluate today whether The Free Democrats will make a new departure in Danish politics, but the facts and our experience show that no other parties do the right thing. After all, words are not the same thing as action. The possibility was there at some point but was neglected internally. The possibility now exists in the form of The Free Democrats.

The writer of the editorial may, of course, poke further jokes at the lack of "names" behind the policy of the party, but also in this respect experience shows that popular leaders--not to say seducers of the people--do not show positive results of their work.

We believe that personal liberty is the motive power of, and the condition for, a free and democratic society.

The greatest possible liberty is the plank of the platform of The Free Democrats.

## SOCIALIST PEOPLE'S PARTY CONGRESS STRESSES FORGING SDP TIES

Copenhagen BERLINGSKE TIDENDE in Danish 19 May 84 p 8

[Article by Solveig Rodsgaard]

[Text] The Socialist People's Party reproaches the Social Democratic Party for its vacillating course and will now attempt to forge a closer cooperation with the Social Democratic Party in order to create a workers' majority.

"The Social Democratic Party is continuing its vacillating course from before the election, and, against this background, it clearly is the role of the Socialist People's Party to be the leading opposition party. We intend to point to a credible alternative by working in all areas which are important for the development of the society and for the people whose interests we safeguard."

The above statement was made by the group chairman of the Socialist People's Party in connection with her presentation yesterday of the report of the Folketing group at the national congress of the party. The main points of the meeting, which will last for 3 days, will be putting an emphasis on the role of the Socialist People's Party as the leading opposition party, establishing the relationship with the Social Democratic Party and deciding, through discussions, how to use the "workers' majority." Whether, if the Social Democratic Party comes into power again, the Socialist People's Party will cooperate with the Social Democrats, from issue to issue, and a more formalized cooperation will have to be arranged, or whether the Socialist People's Party will be interested in a direct government cooperation.

Ebba Strange said in her report that in the course of the past year since the last national congress, the Socialist People's Party has succeeded in obtaining a majority in the Folketing for a number of the party's standpoints.

"This enumeration of victories, whether small or major, should not induce us to conclude that, in that case, the nonsocialist government is no bad, after all. In many ways, it is, indeed, easier to make agreements with the Social Democrats now that they are in opposition than it was when they were in power, and, on individual issues, we are, indeed, in a position to put pressure on the government or obtain a majority with the Socialist Left Party and the Radical Liberal Party alone. However, behind it all is the fact that the actual basis

of the government--its extremely hard economic class policy--has hardly been challenged, and that the management of the Danish society by the present government causes the nonsocialist-liberal ideology to gain increasing influence," Ebba Strange said.

The written report from the Socialist People's Party said on the vacillating course of the Social Democratic Party: "There is no doubt that the Social Democrats had hoped to, and expected to take seats from the Socialist People's Party in the recent election. It irks them that we are a too large party and that we apparently have a solid support. They are, of course, aware of the fact that we are increasing our support within the working class, and that irks them doubly. Instead of accepting the challenge by entering into a debate with us on the platform of a workers' majority, if any, they vacillate between adopting positions quite close to ours and rebuffing us as untrustworthy."

#### Political Possibilities of Socialist People's Party

The only parliamentary possibility of an alternative to the nonsocialist government is, for the time being, a majority in which the Social Democratic Party participates. The first task, therefore, must be to cause the Schluter government to fall. The next task must be, through elections to the Folketing, to establish a workers' majority. Already at this stage it is, however, necessary to begin to work out the political basis for such a workers' majority.

These were the statements made by the executive committee of the Socialist People's Party on some of the issues discussed in a manifesto on a "workers' majority." The manifesto was yesterday presented to the national congress of the party.

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## SOCIALIST PEOPLE'S PARTY YOUTH WING BREAKS WITH PARTY PRESS PLAN

Copenhagen BERLINGSKE TIDENDE in Danish 19 May 84 p 8

[Article by klauz]

[Text] The youth organization of the Socialist People's Party does not believe in the project of the party to launch a new socialist weekly, SOCIALISTISK WEEKENDAVIS. At any rate, not on the basis of the existing plans. This emerged during the debate yesterday at the annual national congress of the Socialist People's Party, held at Blaagaard Teachers' College at Soborg.

It was decided at the national congress last year that the Socialist People's Party would be working anew on the publication of its own newspaper. However, the paper would not be launched until an initial capital of 2 million kroner had been obtained. That amount is expected to have been collected by 1 October of this year.

Since its national congress last year, the party has agreed that, in order for the project to become economically viable, it would be most realistic to launch a weekly newspaper with a circulation of 6,000 copies. According to the present plans, the newspaper will consist of 16 pages, and a permanent staff of three employees will be appointed. The youth organization of the party, however, found that this would be a far too small permanent staff.

The youth wing felt that there would be a need for a socialist newspaper. However, it felt that it would be of vital importance for the party to learn from its experience with its previous daily, SOCIALISTISK DAGBLAD, which was forced to close down a couple of years ago.

The idea is for the new newspaper to become an open socialist weekly, published by the Socialist People's Party in cooperation with the Committee to Ensure the Existence of SOCIALISTISK DAGBLAD.

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CSO: 3613/161

## DECISION TO CLOSE HANOI EMBASSY CRITICIZED

Copenhagen AKTUEL in Danish 7 Apr 84 p 10

[Commentary by Tage Baumann: "Denmark Member of Security Council without an Embassy in Hanoi"]

[Text] While bloody battles rage in Thailand between Vietnamese and Thailand forces the Danish foreign minister has bridled Vietnam.

Vietnam still occupies neighboring Kampuchea, and it is from there that Vietnamese troops violate the borders of Thailand in an attempt to defeat the Kampuchean rebel forces under Prince Sihanouk. During his just ended visit to Indonesia, Singapore, and Brunei Uffe Ellemann Jensen called the Vietnamese action "one more of the many violations of international law of which Vietnam has been guilty in Kampuchea."

## Supports ASEAN

During his entire journey Uffe Ellemann Jensen has officially repeated that Denmark fully supports the attempts made by the EC of Southeast Asia, the ASEAN, to stop the Vietnamese occupation of Kampuchea.

Like the ASEAN countries, Denmark supports Kampuchea's national liberation coalition, which, headed by Prince Norodon Sihanouk, consists of a group led by the untainted Son San and another faction under the greatly tainted Pol Pot. The latter is only too well remembered for acts of terror to which he and his Khmer regime put their names and hands when they were in power in Pnom Penh prior to the Vietnamese invasion. Uffe Ellemann Jensen and his ASEAN colleagues are tired of seeing Sihanouk in the company of the butcher Pol Pot, but the coalition exists and is the only alternative to Hanoi's puppet government under Heng Sanrin in Kampuchea.

## Focus on Denmark

During his visits to the three countries Uffe Ellemann Jensen used the Vietnam-Kampuchea question to put Denmark in focus in order thereby to make things easier for the business delegation that accompanied the minister to come into contact with the local decision-makers who in the final analysis decide which

of the European, Japanese and American firms, eager for exports, are to have the biggest bites of the ASEAN cake.

#### Economizing on Ambassadors

For the same reason it suited the foreign minister that during his visit rumors circulated to the effect that the Danish Embassy in Hanoi was to be closed within a few months. A rumor Uffe Ellemann Jensen would neither confirm nor deny, but which is so well founded that it must be regarded as a fact.

It has long been known that the non-Socialist government's eagerness to save money cost Danish embassies their existence. Several have already been closed, and two more will be closed this year, Hanoi among them.

But if the reason for the closings are purely economical, the selection of the Hanoi Embassy is purely political; for closing of the Hanoi Embassy will constitute a break with the line hitherto followed which has meant a considerable weakening of foreign service in Latin America and Africa and strengthening service in Western Europe and Southeast Asia.

When an embassy in Southeast Asia is now selected for closing, other considerations than the administrative must play a role. Closing of the Hanoi Embassy will give Denmark new political goodwill in the ASEAN area, even though the closing does not mean severance of diplomatic relations with the Vietnam regime, but only that these relations will in the future be handled by other embassies in the area.

#### Difficult in UN

On the other hand the embassy closing will seriously limit Denmark's opportunity to obtain information on the goals and intentions of the Vietnamese government, making it considerably more difficult for the Danish government to set its diplomatic course vis-a-vis Vietnam. There is already considerable uncertainty about Vietnam's course in Kampuchea, and many of the foreign minister's conversations in Southeast Asia dealt with attempts to clarify this uncertainty.

The decision to close the Hanoi Embassy makes it very doubtful that Denmark will in the future have any opportunity at all to play a diplomatic role in finding a solution to the Kampuchea problem. And this is a serious matter for Denmark, which, as everything indicates, will become a member of the UN Security Council for 2 years after the turn of the year. The Kampuchea question is one of the problems the Danish representative on the Security Council will be busy with during the next 2 years, which, if his statements in Jakarta are given credence, is on his mind.

11256

CSO: 3613/136

## POLL SHOWS DECLINE FOR THREE COALITION PARTIES

Copenhagen BERLINGSKE TIDENDE in Danish 6 May 84 p 7

[Article by Lisbeth Knudsen]

[Text] The Gallup poll taken in April shows that the Social Democratic Party will gain two seats and the Socialist People's Party one seat.

Three out of the four parties of the coalition government would lose seats if an election to the Folketing were to take place now, and only the Conservative Party may expect further gains on top of the victory of the January elections.

This appears from the political poll for April which was taken by the Gallup Institute prior to the long-term Easter agreement between the government and the Radical Liberal Party. The four-leaf-clover government will suffer a setback of one seat in total. If the Folketing were to be composed by the voters in this manner, the government would no longer be able to avail itself of the present narrow majority with the Radical Liberal Party and the North Atlantic seats in an emergency.

The Gallup poll, moreover, was taken prior to the breaking up of the Progressive Party and the formation of the new party The Free Democrats. According to the Gallup poll which was taken prior to Ole Maisted's withdrawal from the party's Folketing group to participate in the formation of The Free Democrats, the Progressive Party will lose one seat.

According to the Gallup poll, the Conservative Party would today gain one seat in an election, whereas the Liberal Party would be losing two seats, the Center Democrats one seat, and the Christian People's Party one seat. The trend for the Conservative Party since the election last January has been a constantly increasing voter support, though with a decline of 0.4 percent from March to April. The Liberal Party has experienced a decline in voter support since the election. After a decline of 0.4 percent from February to March, its support has declined by an additional 0.5 percent from March to April.

The Center Democrats and the Christian People's Party experienced appreciable declines in voter support from March to April. The Christian People's Party, which did well in the election with a voter support of 2.7 percent, is again close to the limit of 2 percent in votes cast for representation in the Folketing. The cooperation partner of the government, the Radical Liberal Party, has had a very solid voter support and an unchanged number of seats since the election but scores a little higher in the April poll among the voters than the election figure.

After a decline in February and March, the Social Democratic Party experienced an advance in April among the voters, which gives the party a 0.6 percent larger voter support now than in the election. Also the Socialist People's Party scores in the April poll 0.6 percent above its support in the election, while the Socialist Left Party experienced a decline of 0.7 percent. The Social Democratic Party would gain two seats if an election were to take place now, the Socialist People's Party one seat, and the Socialist Left Party would be losing one seat.

The following table shows the distribution of seats according to the Gallup poll:

	<u>Gallup Poll</u>	<u>Now</u>
Social Democratic Party .....	58	56
Radical Liberal Party .....	10	10
Conservative Party .....	45	42
Socialist People's Party .....	22	21
Center Democrats .....	7	8
Christian People's Party .....	4	5
Liberal Party .....	20	22
Socialist Left Party .....	4	5
Progressive Party .....	5	5
The Free Democrats .....	0	1



# POLITICAL INDEX

Poll Taken:

7 April - 21 April 1984

Question: Which Party Would You Vote for if Elections to the Folketing Were to Take Place Tomorrow?

	10 Jan 1984 %	Jan 1984 %	Feb 1984 %	Mar 1984 %	Apr 1984 %
Social Democratic Party .....	31.6	31.9	31.0	31.1	32.2
Radical Liberal Party .....	5.5	5.0	5.5	5.5	5.8
Conservative Party .....	23.4	23.2	24.7	25.6	25.2
Single-Tax Party .....	1.5	-	-	-	-
Socialist People's Party .....	11.5	12.1	11.2	12.5	12.1
Inter. Soc. Workers' Party .....	0.1	-	-	-	-
Communist Party .....	0.7	-	-	-	-
Marxist-Leninist Party .....	0.0	-	-	-	-
Center Democrats .....	4.6	4.9	5.0	4.5	3.8
Christian People's Party .....	2.7	2.6	2.4	2.6	2.2
Liberal Party .....	12.1	12.3	12.1	11.7	11.2
Socialist Left Party .....	2.7	2.7	2.4	2.1	2.0
Progressive Party .....	3.6	3.1	3.5	2.4	2.6
Other Parties* .....	-	2.2	2.2	2.0	2.9
Total .....	100.0	100.0	100.0	100.0	100.0

\*Parties with less than 2 percent of the vote

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7262

CSO: 3613/161

## FRUSTRATION WITH SECURITY POLICY THREATENS COALITION'S VIABILITY

Copenhagen BERLINGSKE TIDENDE in Danish 6 May 84 p 12

[Editorial: "Government Under Pressure"]

[Text] It does not take a magnifying glass to reveal the strange chasm with which the government has to cope and which is its daily burden.

It has become abundantly clear to everybody--also in the last few days--that, in its foreign policy and security policy, the government is restricted by a majority which does not leave it any possibility of pursuing the policy that is an essential part of its basis. The coalition parties have to resign themselves to the fact that they have to carry out the policy wanted by others. This is hard on the foreign minister, and it is painful for the entire government. It is a discouraging experience for the section of the population that has regarded the accession to power of the present government as a guarantee of the country's security policy.

This defeat--and it is a defeat--is in sharp contrast to the strong initiative shown by the government in its economic policy throughout the past 18 months. In this area, the coalition parties have been capable of taking action, and through negotiations they have managed to obtain majorities that have enabled them to carry through their policy. Unlike the situation in security policy matters, there is here no other majority which decides what they may and what they may not do. The government has the upper hand. The most recent manifestation of this is the comprehensive agreement which it entered into with the Radical Liberal Party. Whereas in its foreign policy the government has to wait almost powerlessly for what may happen the next week or the next month, in its economic policy, it has been in a position to take more long-term action than any other previous government.

The dilemma of the government is, of course, due to the balance of power to which it is subject. It would have been fortunate if the Social Democrats, who do not want to support the government in its policy of restoration, had adhered to the joint security policy. The government now has to develop its economic policy in cooperation with the Radical Liberal Party, which has always been opposed to its security policy. The coalition parties are unable to free themselves from the pressure to which they are subject. The four coalition parties do not have a majority of their own, and other parties will always be in a position to demand a price for their support.

The prime minister, the government, the coalition parties and anybody wishing the present government well will not only find this situation unfortunate but sometimes also oppressive. They wonder for how long the government may be able to cope with such a chasm. The answer is that the government will be able to do so as long as it is in a position to pursue an economic policy which will keep the society on the right track. The government will be able to do so as long as it has got the initiative and the possibility of fulfilling the expectations of the population. It will be able to do so as long as its security policy does not force it to break its ties with the North Atlantic alliance. For as long as that--but not a single day longer--will the present government remain viable.

7262

CSO: 3613/161

## PAPER ON DENMARK'S SECURITY, BUDGET PROBLEMS

Stockholm DAGENS NYHETER in Swedish 8 May 84 p 2

[Editorial: "Danish Reinforcement"]

[Text] The security policy defeat, the tax reform settlement and zero growth in state spending--all have strengthened the position of the non-socialist minority government in Denmark.

Just as the Social Democrats are losing influence over economic policy, the party has come closer to the government's policy on NATO. Last week the majority of Folketing members voted against the government in support of a Social Democratic proposal that Denmark work for a nuclear-free zone in a European context before declaring itself a nuclear-free zone in wartime too. Before then the party, along with a majority in Folketing, had advocated a separate Nordic zone. Therefore the defeat did not come as a severe blow to the government. But a strong group in the Social Democratic Party wants more plain speaking both on security policy--Denmark should reject nuclear arms in wartime right away--and on the economy. The wing, led by the belligerent Ritt Bjerregaard, might triumph at the party congress this fall.

For Poul Schluter's government the settlement on the economy with the socially liberal Radical Liberal Party at the end of April was considerably more important. After the tough steps when the government took office, which led to an upturn in the economy but kept unemployment at a high level (now 300,000) a tight policy has to be continued. But the austerity measures have been moderated.

The Social Democrats have criticized the settlement, saying it hurts the weakest people. The criticism stresses one point in particular, that benefits to the sick and the unemployed have been eroded. But the Social Democrats have no credible alternative to present in opposition to the non-socialist parties' tough and surprisingly popular policy. The party has not regained its energy after the wearying government period and the union movement is cautious in view of the high unemployment rate. Schluter's seat seems to be secure.

6578

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POLITICAL

FINLAND

KIVISTO VOWS SKDL WILL GO OWN WAY IF STALINISTS RULE CP

Helsinki HELSINGIN SANOMAT in Finnish 9 Apr 84 p 8

[Text] Finnish People's Democratic League (SKDL) chairman Kalevi Kivisto (People's Democrat) says that the SKDL will organize itself into an independent party if the Finnish Communist Party (SKP) remains in the hands of the Stalinists.

According to Kivisto, a Stalinist victory at the May SKP congress would mean the cutting of the SKP-SKDL umbilical cord and the birth of a socialist Left or socialist people's party in Finland.

In a TURUN SANOMAT interview on Sunday Kivisto, however, emphasized that these considerations are so far only theory. Kivisto feels that a more probable and more positive alternative is that the present arrangement will be preserved and that the moderates will determine the course of affairs in the SKP.

According to Kivisto, all things considered, the so-called moderates retained their clearcut majority in the member vote. What the moderates do with their majority will, however, be decisive. He pointed out that we will see in May whether they make decisions by means of which they can relieve an abnormal organizational situation.

The necessary condition for improving the situation in the SKP is that the most radical Stalinist elements leave to try to make it on their own.

11,466

CSO: 3617/137

## FINNISH-SOVIET SOCIETY FINDING YOUTH HARDER TO ATTRACT

Helsinki HELSINGIN SANOMAT in Finnish 8 Apr 84 p 34

[Articles by Janne Virkkunen: "Behind the Scenes of Friendship: Institutionalized and Aging Finnish-Soviet Society Will Be 40 Years Old Next Fall," and Nenne Hallman: "What Happened at the Savo District Meeting?"]

[Text] It was Thursday, 5 April 1984. The long black cars swung in front of Helsinki's Culture House. The country's influential persons were hurrying to attend the 36th anniversary celebration of the Friendship, Cooperation and Mutual Assistance Pact between Finland and the Soviet Union.

The orchestra of the Culture House auditorium, reserved for the better people, was filled to almost the last seat. There was more room in the balcony where the common folk were. The crowd was elderly, mostly Communists set in their way of thinking. Former SKP [Finnish Communist Party] chairman Aarne Saarinen was also sitting in their midst.

It was 1900 hours. The audience rose to its feet. President Mauno Koivisto and Mrs Tellervo Koivisto had arrived. The Helsinki garrison band played the "Men of Pori March." The presidential couple found their seats in front of Ambassador Vladimir Sobolev.

We listened to the mightily played national anthem and the stage was again set for friendship.

Lasting a couple of hours, the gala program was a simple one, carried out with the routine of years of practice. Trade and Industry Minister Seppo Lindblom and V.M. Vinogradov, the foreign affairs minister of the Russian Soviet Federated Republic, spoke of friendship between the two countries.

Soviet guest artists played and sang. Surprisingly, there were also songs on the program sung in Italian, Spanish and English. That old favorite, "Stenka Rasin," nevertheless delighted the audience more than "Hello Dolly." The celebration ended with "Rullaati Rullaa" sung in Finnish.

Everything seemed to be just the way it always was before. Only the festival audience told us of the organizer of the celebration, the Finnish-Soviet Society's (SNS) problem: The bosses were there; the people were not.

SNS activities have become institutionalized and bureaucratized in the best Russian manner. The society's membership has aged since not enough new members have joined. Young people are conspicuously absent since there is not a whit of 1970's Soviet idealism left.

#### Celebrations Next Fall

Next fall the SNS will celebrate its 40th anniversary. The society was founded after the war in October 1944. It quickly developed into a new instrument of foreign policy that enjoyed the special protection of the government.

Councillor of state J.K. Paasikivi headed the committee that drafted the SNS rules. He also became the society's first honorary chairman and later president of the republic.

Right from the start, two other honorary chairmen, Urho Kekkonen and Dr Mauno Koivisto, actively participated in the society's activities. Koivisto was serving in the SNS as early as the end of the 1950's, when a Social Democratic power faction was still straying from the fold in its anti-Kekkonen foreign policy front.

The predecessor of the SNS was the Finnish-Soviet Peace and Friendship Society, founded after the Winter War, but it was quickly terminated because it was communist-leaning; the time for a new foreign policy had not yet come.

When the armistice agreement was signed in 1944, the SNS quickly spread all over in step with the SKP, which had begun to openly engage in its activities.

This historical tradition makes the society -- while it is a genuine friendship society -- a part of the Communists' national organization. The unquestionable majority of its members are still to be counted among Communist supporters.

The society's administration is firmly in the hands of veterans who carry the red SKP membership card in their pockets. Fourteen of the SNS' 15 district secretaries are Communists and one is a Social Democrat.

The central office is under strong Communist control, although there are also Centrists and Social Democrats in it. The most conspicuous posts are, however, unattainable for others.

The distribution of trusted representative posts is now perceptibly more balanced. The society's chairman is councillor of state Martti Miettunen (Center Party), chosen for Urho Kekkonen's job.

There are 51 members on the board of directors headed by Miettunen, 17 of them Communists, 15 Social Democrats, 12 Centrists, three from the Swedish People's Party (RKP) and one Conservative. The rest are politically independent.

During the first term, Member of Parliament Paavo Lipponen (Social Democrat) is occupying the seat of chairman of the SNS council with Heli Astala (Communist) and Henry Olander (RKP) as his vice chairmen.

The other parties' more substantial contribution to the society's activities would be a precondition to the society's turning into a balanced civic organization. At present members of the bourgeoisie and Social Democrats still serve under the wing of the Communists.

#### Communists' Strong Grip

The fact that last fall they tried to prevent bank director Harri Holkeri -- a former chairman of the Conservative Party and presidential candidate -- from getting Governor Erkki Huurtamo's seat on the board of directors tells us a lot about the Communist bosses' grip on the society. That was too much for the others and so Holkeri is now a member of the board. The Conservative Party has indeed been hankering after a second seat on the board.

Nor have SNS Communists looked favorably on SMP [Finnish Rural Party] chairman Pekka Vennamo's heading Finland's YYA [Friendship, Cooperation and Mutual Assistance] delegation, which is right now on a visit to the Soviet Union, either.

The SNS has not escaped the SKP's internal disputes. They have left their mark on many a district organization's activities and threaten the whole future of the society. The SKP dispute became national news last fall, when the society elected a new first secretary.

The SKP Politburo appointed KANSAN UUTISET chief editor Erkki Kauppila first secretary, but the Stalinists did not accept their defeat in the vote. The moderates had to yield and KIRJAPAINO YHTEISTYÖ chief editor Erkki Kivimäki got to be first secretary.

Friendship activities between Finland and the Soviet Union are part of the official Soviet friendship policy, which makes cooperation in terms of celebrations awkward.

As for the Finns, they have often complained to the Soviets that local Soviet-Finnish Society activities in Moscow are not in keeping with the importance Finland officially accords friendship activities.

But all the same, friendship is important. The SNS has done a trail-blazing job of familiarizing Finns with Soviet culture and the Soviet way of life. Traveling concert and theater groups attract full houses in the different parts of the country.

The fact that nowadays the organization of past years that fought for a new policy and good neighbor relations, one which kept people together in the organization, is no longer needed constitutes a problem for the SNS.

For young people, good relations with the Soviets are taken for granted. Grossly simplified: A successful foreign policy has pulled the rug out from under this rigid society.



Western television entertainment and the Western way of life attract young people more than Soviet circuses and concerts. They are very close to being in a situation in which they are dependent on the schools for contacts with the ordinary young person or in which these are broken off entirely, even though arrangements for the importation and dissemination of Soviet television programs are at present being made.

The SNS is aware of the youth problem. It has been discussed for years now and people under 30 years of age have been proclaimed to be the object of essential actions.

They account for 11 percent of its membership. The society's membership is reported to be 115,000, less than 90,000 of whom are probably actual members. In light of this, it is a big organization.

As regards the SNS' age-structure problems, they reflect the fact that almost half of the entire group are over 50 years of age.

The society's top names shape the SNS image of being an old man's club. Chairman Matti Miettunen is 77, esteemed vice chairman Toivo Karvonen is 78 and first secretary Erkki Kivimäki is 61.

We find a younger generation on the council: Lipponen is 43, Astala 47 and Olander 46.

A change in generations is expected at the next SNS congress a good 3 years from now. That will be just about the last moment to rescue the friendship society for the records of the living.

It can, to be sure, continue indefinitely as an idly sprawling upper-echelon "Paasikivi Society."

The SNS Savo district delegation met at the Kaatro School in Suonenjoki on the last Sunday in March. Less than 160 elected representatives: about 100 People's Democrats, about 20 Social Democrats, a few Centrists, a couple of Conservatives and a couple of independents, were speaking for the district's 6,000 paid members.

It is well for one to be seen at SNS district meetings. Even if one does not get in as an official participant, one can with a proxy attend as an observer. A former Centrist parliamentary representative, jack-of-all-trades Petter Savola, was sitting, well-tanned, in the front row.

The 40th anniversary celebration was opened with a rendition of the song "Do the Russians Want War?" by Suonenjoki's friends of the Soviet Union. The question was left unanswered as they began to distribute pennants to those founding members of the cells still alive. The delegates from Iisvesi, who founded their society even before the society's central office was established in the spring of 1944, received honorable mention.

Important matters were on the congress agenda. We were informed that Pentti Tyrvainen (Social Democrat) of Varkaus, who has been district chairman for 12 years, would leave his post. The chairman of the Kuopio SNS resigned last fall. It has been rumored that both had squabbled with Savo district business manager Raimo Partanen (Communist).

Tyrvainen was persuaded to stay on; Paavo Lipponen himself, the Social Democratic chairman of the central SNS delegation, had traveled to Savo on three weekends to convert the man, since the Social Democrats did not like the idea of losing a district organization chairmanship.

The Centrists were also interested in the chairman's post. Last fall Petter Savola was surprisingly elected vice chairman of the Kuopio society. Here he was running after Tyrvainen's job.

We were also informed that there was some sort of a flaw in the district's economy; indeed, no one had a chance to familiarize himself with the congress papers beforehand — they were not distributed until the start of the meeting.

The Social Democratic friends of the Soviet Union had convoked their own faction at the start of the meeting. They continued to persuade Tyrvainen to stay on. The faction marched into the auditorium in the middle of the song presentation and note was taken of the fact. Before then, no one would have needed to join any meeting so conspicuously.

That morning, the Savo delegates had read a short news item in their SAVON SANOMAT about the closing down of Saturist Oy, a travel agency owned by the district organization. The matter came as a surprise since, as recently as at last year's congress, they had noted a sales volume of just under 10 million.

Was this why the head of the central SNS organization had come to the congress? Maybe the distribution of pennants was not so important?

District business manager Raimo Partanen and alongside him, calm on the surface, central society organization head Fjalar Bjorkqvist (Communist) were also sitting in the front row, on the left side of the auditorium.

Raimo Partanen was left alone in his district. In a few years time he had quarreled with nearly every one of his subordinates. Since the beginning of the year the district's Social Democratic youth secretary has been on leave. Partanen had smoked his organization secretary out for the third year and he knew that it would not take much longer. When Saturist's 10 employees were terminated, there would only be two left, as in the early days.

Raimo Partanen had risen from construction worker to district business manager and general manager of Saturist. He was under the protection of his employer, 10 years from retirement age.

At this congress they would settle Saturist's million-markka debt and close down the travel agency. There would hardly be any talk of inflamed personal relations.

Raimo Partanen had interpreted his rights in a very straightforward manner: He had the authority to fire and hire people and decide on everything. It was pointless for employees to ask for written agreements since they are not usually interested in them in the SNS. And the central society does not interfere with matters since the districts are responsible for their own way of doing things. Only the business manager receives his salary through a state subsidy.

Raimo Partanen wanted Centrist Petter Savola to be the new chairman since Pentti Tyrvaenen no longer trusted Partanen.

The congress participants simply did not know about these matters, nor would they have believed them since they were there on a clearcut mission, promoting friendship among nations.

Everything seemed to be going as planned. Chairmen and secretaries for the congress were chosen in perfect concord. The fact that the business manager had forgotten to send invitations to the congress to four community members gave rise to slight indignation, but no one wanted to make the congress an illegal one.

But when they got to last year's accounts, the Mikkeli delegates pounced on the issue like a cat on a mouse. Where did the debt come from, who is going to pay for it, we may be bankrupt and what did that newspaper item mean, why was Saturist being closed down? Where was the balance sheet and the data on Saturist?

Partanen explained that travel sales had declined and that the Soviet Union was too expensive last year, even for its best friends. And in a way it was true too. The biggest travel agencies' Soviet sales had dropped about 10 percent. But the million-markka debt entered in the books meant a nearly 40-percent collapse in sales for Saturist.

The congress was suspended when the debate began to get heated. The participants switched to lining up for the strawberries and soup offered by the people of Suonenjoki. While waiting for the food they wondered at the way things were going. That was not how matters used to be handled.

The food did not taste very good to the election committee appointed by the congress. With strained expressions on their faces, the bosses met in a classroom. Soon the word went round in the dining room: After making a political deal, Tyrvaenen had agreed to stay on on two conditions. The Communists and Centrists promised that the messes the district economy and personal relations were in would be cleared up in 2 months time. The district's reputation appeared to be saved and Tyrvaenen appeared to be a man who was unwittingly perched on a three-legged chair.

Everything had begun with the SNS Savo district's 1979 decision to found Saturist, a travel agency based on a joint-stock company, the majority of whose shares the district purchased. Up until then trips had been sold at the rate of over a million markkas a year, as in the other district organizations.

Even at the start they had doubts as to whether it was the right thing for an idealistic organization to launch a profit-producing business venture. In the rules traveling was viewed as permissible primarily for the purpose of cementing neighborly relations.

Within a couple of years, however, travel sales increased to nearly 10 million markkas. Saturist succeeded in capturing just under half of the customers in the Kuopio area who wanted to visit the Soviet Union. In addition to trips to the Soviet Union, customers got tickets for rail travel and the Swedish ships from Saturist. Branch offices were established in Varkaus, Iisalmi and Mikkeli.

Raimo Partanen was chosen as a member of the Saturist administration. As an administration member and district business manager, he began to take care of the district and travel agency's affairs in a more and more despotic way. He unstintingly hired employees for the agency, made his wife production chief of Saturist and her friend head of the Kuopio office.

In 1982, a fat year for Saturist, Partanen and his wife became part-time farmers and rented a lot from an estate he had bought to the head of Saturist's Kuopio office. Time went by and he built houses on the lot. Meanwhile, his negligence began to pile up difficulties for Saturist's other employees.

That same fall, on Partanen's initiative the district organization decided to procure a business property he had appraised. It was located on one side of the marketplace in Kuopio, 1.2 million markkas for a building housing a bowling alley. The new office for the district and Saturist was paid for by selling former district properties, from the sale of which they got 800,000 markkas. The difference was paid for by the district's contracting a debt.

When the move into the new quarters in early spring of 1983 did not improve spirits at Saturist, the district and Saturist's Kuopio employees threatened to quit unless Partanen discharged his wife and her friend from employment at Saturist. Internal conflicts in the office had already begun to appear in connection with travel sales and relations between the office chief and his employees were completely bogged down.

The demand was presented by the organization secretary, who had worked in the service of the district organization for 6 years and who it had originally been prophesied would be Partanen's successor.

Partanen yielded to the demand to discharge his friends, but attacked his organization secretary and proposed to the district executive committee that the organization secretary be fired. The executive committee did not consent to doing so because Partanen had justified his dismissal on the basis of the fact that the district's financial situation had to be gotten into shape. At its 20 June 1983 meeting the executive committee asserted that the dismissal of employees should begin with the overstaffed Saturist, whose situation the dismissal of two employees would not have helped.

Then business manager Partanen announced to the district organization that financial matters were no longer his responsibility, but that of the organization secretary. He no longer took part in Saturist administration meetings.

The organization secretary informed the central society on matters and met with his party comrade, organization chief Ejalor Bjorkqvist, and the central society's financial manager, who promised to intervene in matters.

Observers from the central society arrived in Kuopio — but, from what we hear, only business manager Partanen. At the start of 1984 Partanen cleaned out the organization secretary's office and had his office phone disconnected. The organization secretary had had enough of this and called the Kuopio Municipal Board of Health job safety inspector, who mailed his inspection report to the central society and the district organization on 18 January.

In the report he, among other things, said: "In the inspection that was made it was confirmed that for a rather long time incorrect appraisals have been made by the staff, which have resulted in difficulties for the SNS district organization and inordinate fixed expenses in excess of productivity for the Saturist Oy Travel Agency. Through the efforts of their democratically elected representatives and officeholders paid to serve as responsible officials they have desperately tried to correct these errors." The inspector judged the way in which affairs were managed to be rigid.

The worst of the matter was, however, not disclosed. The new district and Saturist office soon gained the reputation of being the finest in Kuopio. In the opinion of some, the new travel agency was too grand: a floor of Italian marble, walls covered with German chamois and custom-made furniture made of red-stained wood. The district organization offices were more modestly remodeled.

The renovation was begun in the fall of 1982. Business manager Partanen delegated his friend, engineering agency owner Matti Immonen, to request renovation bids from four contractors. The executive committee — much less so the council — did not have a chance to authorize Immonen to perform his mission. Immonen mailed the requests on 13 October and received answers to them within a couple of days. On 25 October the district executive committee unanimously accepted the J. Soukkanen Construction Company's bid for a billing contract. Soukkanen and Immonen were known to be business partners.

When the office was completed in January 1983, district leaders received the contract verified by Matti Immonen for their approval, a contract the total amount of which was in excess of 500,000 markkas. The sum of 70,000 markkas had been set aside in that year's budget for the renovation. In the district they felt that the repairs were excessively expensive and they regretted that SNS business relations, known to be good, were not used in connection with the contracts.

Saturist paid 100,000 markkas for its marble and chamois. Business manager Partanen paid the remaining 400,000 markkas out of the SNS Savo district petty cash fund. The cash funds had been collected for a visit by the Moscow Ballet.

In the audit it was confirmed that the Saturist branch offices had backed the Soviet trip, even in the bad year of 1983. Only Kuopio had spent money far beyond its means. By fall 1983 both Saturist and the district's funds were exhausted. They needed a 400,000-markka loan, for which they requested the backing of the central society. When they did not get it, district chairman Pentti Tyrvaïnen signed his name to a note. When the matter was discussed in the district executive committee in January 1984, business manager Partanen, and helping him the central society officials, organization chief Bjorkqvist and financial manager Tervonen, tried to keep the executive committee from approving the chairman's way of handling the matter. They voted on the issue and Tyrvaïnen managed to settle the matter to his advantage with his own vote.

The congress delegates had not heard about all this. After eating the soup and strawberries, the meeting was resumed. A balance sheet was fished out of someone's briefcase and was hurriedly read to the congress delegates. It was hoped that the district would do better in future. Tyrvaïnen was reelected chairman.

They deliberated as to how to increase MAAILMA JA ME's circulation.

After a week had gone by, they were languid in Kuopio and the central society. Reelected chairman, Pentti Tyrvaïnen was away on vacation in Lapland, but business manager Partanen answered the phone: "Yes, we're closing down Saturist and we'll continue our activities here by selling individual trips, since we've now gotten rid of the masses. There's no confusion; we have two employees left here."

When we asked to speak with the Savo district organization secretary, a cheerful woman's voice announced: "He doesn't work here any more." The organization secretary works in a composing room that supplies forms printed in Russian: "I left, but I'm not bitter about it. Besides, I'm now Partanen's employer. With the support of the Social Democrats and the bourgeois, they chose me as being a People's Democrat capable of cooperating with the district council."

On the phone, the central society's business consultant, Erkki Seppala, who has investigated the Savo foulups, sounded as though he were hopelessly shrugging his shoulders: "I don't know how this happened. It seems as though this case is somewhat like the Keihas affair."

11,466

CSO: 3617/137

## CERES ACTIVIST MOTCHANE CRITICIZES GOVERNMENT, PSF LEADERS

Paris LIBERATION in French 7 May 84 p 8

[Interview with Didier Motchane, CERES activist and contributor to ENJEU, by Christian Lionet, LIBERATION contributor; "The Socialist Party Must Not Run After the Government," given on 2 May, 1984 outside the Socialist Party Executive Offices; city not specified]

[Text] CERES (Center for Socialist Studies, Research and Education) activist and confidant of Jean-Pierre Chevenement, Didier Motchane, in an interview given to LIBERATION, stresses the criticism of his drift away from the government, but also from the Socialist Party leadership.

Outside the executive offices of the Socialist Party (PSF) last Wednesday, which was to be the day for an internal "calling to account" announced last week by Jean Poperen, Didier Motchane, one of the chief activists at CERES and for the periodical ENJEU, in an interview with LIBERATION, spoke in praise of an ever widening distance between the PSF and the government, which he accuses of having opted for the "logic" of liberalism. At the same time, he stresses the criticism of his own drift away from the socialist leadership which, in his opinion, is not being faithful to the "line" adopted at the time of the Bourg-en-Bresse Congress.

[Question] The Bourg-en-Bresse Congress last October remains the official compass for the orientation of the Socialist Party. Yet the keynote of the Congress--the "reconquest of public opinion"--has remained a dead letter, as shown in the polls, the local elections and those poorly attended parades on the first of May. CERES accuses the government of having lost its way, of deviating from the goals defined by the Socialist Party. Do you feel that this gap is the cause of leftwing discouragement?

[Answer] The reconquest of public opinion remains perfectly attainable, at any rate with the time that remains between now and the legislative elections of 1986. The first of May was decidedly a disaster: the crisis of the Left has not spared the trade unionists. But I am convinced that enormous resources exist in this country, particularly on the Left. There is a kind of "Treasury of Merits" which the left holds open to the government.



And there is good reason to draw from this treasury, but only on condition that it serve as an investment in the future. That implies a certain yielding of the government's policies, in the direction of the goals defined by the Socialist Party at Bourg-en-Bresse. We cannot fail to note that its steps are not turning in that direction. The treasury of merits thus runs the risk of turning into a sea of deception.

[Question] What you say is virtually the opposite of the comments made by Lionel Jospin, the first secretary of your Party, for whom "government policies, which are those of the president of the republic, are the only policies possible on the short term."

[Answer] I take no position with reference to this or that official, even the first of them. I take a position in relationship to the PSF and with respect to the orientation and documents promulgated at its congress.

[Question] What exactly are the deviations from the goals of the PSF of which you accuse the government?

[Answer] Everyone agrees on the goals, and I have never suspected the sincerity of those who appeal to them. The question to be asked concerns the choice of the best means to take to attain these goals. And it is clear that a policy of deflation is not even under discussion here.

The strict political interpretation had originally been presented as a series of emergency measures. They were to last for three months, then it was six months. Next there was talk of a parenthesis that had to be opened, but which would be closed. And finally, little by little, we noticed that these measures first presented as contingent were coming to constitute a policy dictated by a brand of logic which harked back to the reasoning of liberalism.

So we have a paradox: at a time when the "American left" is taking its ideological and intellectual references from the American right, Reagan, to win votes, is reverting to Keynesian doctrines.

[Question] In qualifying this type of logic and in denouncing it, CERES goes contrary to the official language of most PSF leaders, who do not see any divergence between government practice and the positions of the party, and who maintain that there is a difference between a "leftwing strictness" and a "rightwing strictness." It CERES not behaving like a minority undercurrent?

[Answer] I repeat that I take my stance in relationship to the orientation established by the PSF, and everyone must do the same. People have the right to believe that the choices made at Bourg-en-Bresse are outmoded, but if they do, they must say so. And this calls for true discussion in the light of experience, concerning both the events and the consequences. I wish that this would happen as soon as possible.



[Question] True discussion? Is there such a thing as false discussion?

[Answer] There are people who speak frequently of clarification and who make no contribution to this process. One must not confuse clarification with name-calling; for it is not by thrusting in the air with our knives that we can contribute to the clarification of any issue.

I am thinking, for example, of these endless charges that CERES is running after the PCF. To me they seem typical both of a certain laziness of mind and of a systematic desire to avoid discussion and endeavor to shift its base.

[Question] What is the difference between the critical attitude of the PCF and your own?

[Answer] We expressed ourselves openly in March 1983, as soon as it appeared that the choices being made by the Government risked putting the very success of the left at stake. Our words were then, and still remain, critical in the best sense of the word; that is, that we have always made concrete proposals to accompany our critical comments.

The communists then held their peace, and as far as I know, their ministers did not quit the government when the PCF expressed itself--as it often did--in too exclusively negative, too exclusively controversial and at times even demagogic ways. And this was regrettable.

But the socialists must not content themselves with reproaching the communists. They must become aware that government policy is opening up that space to the PCF and that, to the extent that its action becomes more difficult for the left to accept, it incites certain people to one-upmanship and mobocracy.

The consequences of the Delors Plan, whatever criticism they may raise, are becoming more and more evident; as are the tensions it arouses everywhere on the left, not only in the PCF.

[Question] Everyone is noticing this. The current difficulties in unifying the left are in large measure the consequences of the political choices of March 1983 and of the effects of that policy. We are indeed obliged to take note of the fact that the unification of the left is on a dangerous slope.

The socialist party must assume its responsibilities by taking a stand with respect to itself. It does not have to run after the PCF, and Jospin is right in reminding socialists of this. But no more should they run after the government, (particularly when the government is running after Raymond Barre), and this reminder is, I believe, even more timely, especially for some; nor, finally, should they run after the president of the republic.

[Question] Is it possible to imagine that the PSF, the chief party of the majority, can support a government sprung from the ranks of that majority and simultaneously demand from it a different brand of politics?

[Answer] Yes, you must imagine it. One can only imagine it, yet one must admit that formally speaking, it already exists: that is what the PSF did in Bourg-en-Bresse. It did not censure the government, it did not condemn the choices of March 1983, but it did propose to correct its course and change its orientation, since only such procedures will allow France to confront the crisis under the right conditions.

The PSF has responsibilities which are unlike those of the president of the republic or the government. It has a mandate to propose a policy. The responsibility of the president is to choose between the possible ways and means to implement it; and that of the government is to put into operation the policy that has been decided upon. In taking up its mandate the PSF, which "weighs" practically nothing, will adopt the means to increase its weight.

[Question] You wrote in ENJEU: "He who believes he cannot succeed on the left will seek to succeed in other ways, if the power seems to give him the means for it." Does this "power" still think it can succeed on the left? Is it already seeking to succeed in other ways?

[Answer] The leftwing government is tempted to abandon certain essential purviews of leftist policy and to seek an alternative. One of the most serious aspects of the present policy is a kind of yielding to the crisis. Realism is surreptitiously becoming assent to reality, and the idea is gaining ground that there is only one possible route to follow, even if it is a route of abandonment.

I do not believe in fate. There are more than several choices, since the choice of the present policy itself developed as a result of some serious thought. Francois Mitterrand himself hesitated, which means that he wanted to think things out. In reality, nothing is inevitable, but everything can become inevitable if we let too much time pass, if we accept evils that can become irreversible.

[Question] Yet it is true that within the PSF there are people for whom the government's policies are irreversible, and others who, along with you, think that they are leading irreversibly to failure. These people will have to have a showdown some day.

[Answer] The entire party feels the need of inner coherence and thus of fidelity to the commitments made in common at the Congress.

To the extent that one takes oneself seriously and does not speak with impunity, words bind us: it is to that extent that we exist and can influence the course of events.

The PSF therefore finds itself faced with a clear choice. It may deem it necessary to review in depth the judgment it made six months ago regarding the situation of France and issue a new statement. But if it reaffirms the choices made at Bourg-en-Bresse, it will have to accept the consequences.

In the latter case, it will have to ask the Government to record its action effectively in these areas and show it clearly that on this or that particular issue, such is not the case. Who will dare to claim that the budget bill for 1985, which Jacques Delors has just announced to the National Assembly as much more rigorous (that is to say, deflationist) than that of 1984, is in conformity with the orientation adopted at the Bourg-en-Bresse Congress?

It is high time to break off with that properly casuistic distinction-- in another age it would have been called "Mollettist" [Guy Mollet, 1905- ] --between the principles and the implementation of those principles, between the goals and the means to attain them.

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CSO: 3519/321

## COLLAPSE OF CORSICAN ASSEMBLY REQUIRES NEW ELECTORAL LAW, ELECTIONS

Paris LIBERATION in French 28/29 Apr 84 pp 5, 6

[Article by Daniel Groussard: "Condolences: The Corsican Assembly Buried Without Flowers or Wreaths"]

[Text] The autonomists' departure brought the working of the Corsican Assembly to a standstill, thus removing the last hopes put in this attempt to endow the island with an original and pluralist form of representation.

"My sincere condolences. It was still very young." The well-dressed old man sitting at the sunny terrace of the Place du Diamand rose to shake the hand of an elect of the Corsican Assembly. The hint of merriment in his eyes betrayed the dry sarcasm. The pretended sorrow was obviously amusing him. He was not alone. In Ajaccio, as in the whole island, rarely have so few tears been shed over a death. There have been smiles, sarcasm and, most of all, a diffuse relief. The Corsican Assembly, for that is what is being cheerfully buried on this Thursday morning, had disappointed too many hopes and irritated too many Corsicans to be the cause of regrets. The evening before, its president, Prosper Alfonsi, had closed the day of debates by acknowledging the freeze. The opposition had gathered a majority of 29 votes against 27 on an actual censure motion. Prosper Alfonsi declared: "The institution is non-operational. I duly note the fact. I will draw my conclusions and take all necessary measures." This morning, the whole of Corsica seems to say: Finally! Yet, it had participated heavily in the August 1982 elections and had become passionately interested in the first debates of its Assembly. For the first time, owing to proportional representation, all of the island's political factions had been heard, including the autonomists who had been kept away for such a long time.

According to the words of President Alfonsi himself, it was not a draft, it was a maelstrom. There had been high-soaring lyrical speeches and superb oratory contests, as well as difficult-to-follow shifts in alliances. The Left did not have an absolute majority when it assumed power on 20 August 1982. Neither did the Right, which explains its discretion. It was the fence-straddling groups, and particularly the UPC autonomists, which served as arbitrators. The Left, however, restrained by communist reticences and, most of all, stopped by the radicals' clanish unwieldiness, never did try to seek a lasting agreement with Edmond Simeoni and his friends who finally refused, last February, to sit

on the Assembly. It is during their absence that the Right, awakened by the prospect of European elections (a crisis in Corsica can only increase the embarrassment of their opponents) and strengthened by the rally of a few marginal representatives, took the offensive. Is it a political maneuver, as per the Left's accusation? Is it a needed clarification, as claimed by the Right? One thing is certain, President Alfonsi could have held office to the end of his mandate in August 1985 without damaging anyone. José Rossi, one of the leaders of the opposition, newly rallied to Jean-Paul de Rocca-Serra's group (RPR [Rally for the Republic]) against which he had been fighting 2 years ago, suggests a hardening of the executive in the absence of Prosper Alfonsi, who has been ill for several months; and the rushed establishment of an administration too close to the Left. Whatever the real motives, however, the maneuver of the Right only increased the Assembly's already far advanced deterioration, even though the work accomplished by the executive over the past 20 months had been far from negligible.

During the Wednesday debates only the communists and the four representatives remaining from the joint committee rejected the possibility of dissolving the Assembly. All the others, leftists as well as rightists, declared being in its favor as the only solution and the president himself repeated in wrapping up: "The universal suffrage will be used to decide, ratify and judge in the last resort." Everyone in Corsica is therefore expecting forthcoming elections. The Right, which is feeling the wind swell its sails, is already seeing itself returning to the Assembly with a real majority, even if it has not yet reached an agreement on a plan for Corsica. In any case, Jean-Paul de Rocca-Serra is already advancing his pawns: He accepts the special status which he had first opposed. "It is a law of the republic and I am a republican." Some of the leftists assert that they do not fear the universal suffrage and are already dreaming of an open list ranging from socialists to scattered nationalists on through, why not, Edmond Simeoni's autonomists with Prosper Alfonsi as leader. As a matter of fact, the latter has assumed a position among the Corsican public that no one anticipated when he got elected. He was, at best, the straw man for Francois Giaccobi, the clan leader of the Haute Corse radicals. Over the months, however, he imposed his personality and distanced himself from the radicals, just like his vice-president, Toussaint Luciani. In short, despite the illness which often kept him away, "President Alfonsi" is the only one to have come out of 20 eventful months in the Corsican Assembly with an enhanced reputation. Those who hope to see him head a list declared that "He will do something drastic." The dream of a third force capable of giving impetus to the Assembly, is making a comeback.

Viewed from Paris, however, the reality is different. As a matter of fact, the decision to dissolve the Assembly and therefore provoke new elections rests solely with the government and it would rather not do that. Gaston Defferre, in particular, does not want to hear about it for the time being; not before the European elections, in any case. Exposed to broad daylight, the Corsican crisis would give additional arguments to the opposition which would not fail to criticize the failure of decentralization. Too bad for Corsica, it is necessary to gain time; not to mention that the electoral law would first have to be changed and, therefore, the agenda of the National Assembly jostled. As a matter of fact, besides the few representatives who risk to bear the brunt of this action, there is no longer anyone in Corsica who wants total proportional

representation like in 1982: It is hoped that the minimum ceiling will be raised to 5 percent of the votes. Consequently, except for a decision imposed by the Elysée, the dissolution should be postponed. In this case, there remains at least two hypotheses.

- 1) The status quo. The blocked Assembly no longer convenes; President Alfonsi and his bureau remain in office to expedite current business. The regional audit chamber establishes a minimum budget regulated by the commissioner of the republic. It is currently the more likely hypothesis, but also the most dangerous, for Corsican opinion would not understand why the island should be left without an Assembly.
- 2) The president's resignation. It is one of the solutions proposed by Jean-Paul de Rocca-Serra's motion. It is known that Prosper Alfonsi is against it. He prefers dissolution. He may be forced to accept it, however, if the government refuses to listen to him. In that case, the Assembly will elect a new president. In view of the current numbers, it will be Jean-Paul de Rocca-Serra. With his 29 voices out of 61 elect, he would find himself in the same fragile situation as his predecessor, especially if the UPC were to return to its seats. It is not a very enviable prospect for the present opposition leader who would risk losing a few feathers in the process. Yet his ally, José Rossi, views it with optimism. He even proposed this solution to Prosper Alfonsi. According to him, unless an overture policy is practiced, the Right could very well obtain the support of independent elect from both camps, who would thus find the way to prevent a return to the voting booth, which would be a sensitive situation for them. Will they, however, take this political risk?

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## PLAN TO GIVE RAINBOW FIRM CONTRACT FOR BASE SHIPPING

## Foreign Minister Geir Hallgrimsson Comments

Reykjavik MORGUNBLADID in Icelandic 31 Mar 84 p 24

[Article: "Geir Hallgrimsson on Rainbow Navigation Plans: Of No Less Interest to the Americans to Keep the Base Shipping in Icelandic Hands"]

[Text] "This matter is being worked on here in the Foreign Ministry and also in the Icelandic Embassy in Washington. A satisfactory solution to this is being sought there on the one side by Department of State and on the other side by the Federal Maritime Administration," said Foreign Minister Geir Hallgrimsson when MORGUNBLADID asked him for a statement concerning the plans of the U.S. shipping company Rainbow Navigation Inc, to take over all shipping to the Keflavik Air Base for the Defense Forces. MORGUNBLADID reported on these plans yesterday.

"This matter has been discussed thoroughly here in the ministry with the U.S. ambassador. In our opinion, it is not only in the interest of Iceland that Icelandic shipping companies continue to handle this shipping. The Americans should realize that it is no less in their interest that the Icelandic companies continue to provide their excellent service in this field," said the foreign minister.

Foreign Minister Hallgrimsson said further that the latitude of the U.S. government in this matter would, of course, be studied further. "We will also check what measures we can take if it so happens that the American company tries to take over this shipping. Great efforts both here at home and in Washington are being made to ensure our interests in this matter," said Hallgrimsson.

The foreign minister pointed out that the two ships which Rainbow Navigation Inc intended to use for this transport are not built for cargo shipping in the North Atlantic. "It is therefore obvious that for security reasons, commodities and provisions for the Defense Force should not be transported by these ships," said Foreign Minister Hallgrimsson.

# Cooperative Leader Comments

Reykjavik MORGUNBLADID in Icelandic 3 Apr 84 p 48

[Article: "Rainbow Navigation Inc: Looking for an Agent here and Preparing for Shipping Operations"]

[Text] SIS Shipping Department Will Share Part of the Shipping for the Defense Forces with Eimskip and Hafskip

A representative for Rainbow Navigation Inc, the company that plans to start shipping operations between Iceland and the United States with commodities for the Defense Force at Keflavik Air Base, among other things, was here over the weekend to inspect conditions. He was, among other things, looking for an agent for the American company and with regard to that he talked with representatives from several shipping companies. It has not yet been finalized who will take the job according to information MORGUNBLADID has received. It is considered unlikely that it will be one of the larger shipping companies.

The American representative had a short meeting with leaders of SIS [Federation of Icelandic Cooperative Societies] shipping department, among others. "Nothing special came out of the meeting. He asked about possibilities of mutual cooperation or that we would become agents for his company and said that he had talked about the same matters with other shipping companies which he, however, did not name," said Omar Johannsson, deputy managing director of the shipping department, in an interview with a reporter from MORGUNBLADID. "We do not have the facilities to handle and care for more than our own ships and I see no indications that the department would enter into cooperation with this American company," Johannsson added.

Johannsson pointed out that the SIS shipping department intended to increase sailings between Iceland and the United States. "We intend to take a step forward and therefore we are acquiring a new ship which is being built for us in England. It is specially designed to ship frozen fish for export and bring back containers," said Johannsson.

Is the SIS shipping department thinking of participating in shipping commodities for the Defense Force?

"Most likely it will not be any less for the Defense Forces than others. This fall we will add two new stops, New York and Portsmouth. As far as I know, the base shipping goes to a considerable degree through Portsmouth," said Johannsson.

Johannsson added that he did not think there was any basis for adding the fourth shipping company to those already sailing between Iceland and the United States.



Experts in this field have in conversations with this MORGUNBLADID reporter estimated, on the basis of experience of the past years (for example shipping by the Bifrost shipping company some years ago), that shipping to the base in Iceland would be divided into three parts if the Rainbow Navigation Inc takeover does not materialize. Then Eimskip would ship one-third or half, Hafship and SIS shipping department one-fourth to one-third each company.

### Newspaper Opposes Plan

Raykjavik MORGUNBLADID in Icelandic 3 Apr 84 p 22

[Editorial: "Value of Shipping Operations"]

[Text] It is not necessary to be well versed in the history of Iceland in order to realize the fact that control by Icelanders of communications to and from the country is a significant prerequisite for control of their own affairs. When Iceland entered into a union with the Norwegian King with Gamli Sattmali [Old Pact] in 1262, it was with this stipulation: "Six ships will sail from Norway to Iceland during the next two summers and after that it will be based on what the King and the foremost farmers in the country [Iceland] deem necessary for the country."

This applies just as well today as it did almost 700 years ago that Icelanders themselves can hardly sponsor communications between Iceland and other countries, that is to say, scheduled trips for Icelanders alone are not profitable in the stiff competition that prevails which is necessary in order to keep prices down. A confirmation of this was found at the annual meeting of Flugleidir Inc [Icelandair] last week when it came forth that it is not scheduled flights that are profitable but chartered flights for people of other nations. The same applies to Arnarflug Inc [Eagle Air]; that company would without a doubt have folded long time ago if it did not have income from charter flights on the international market.

It is actually an interesting thought why the Icelanders have not become as active in the international maritime market as they have in aviation. Our Norwegian neighbors have been in the forefront in international shipping and fared up and down. In recent years it has been an economic advantage for the Icelandic shipping companies to get shipping contracts to and from Iceland for large foreign parties. In this connection one could mention the Defense Forces at Keflavik Air Base and the Straumsvik Aluminum Plant or parties that are based on foreign partnership to a great extent, such as the Iceland Alloys Inc at Grundartangi and the Diatomite Plant at Myvatn.

News from the United States indicates that there are parties that are preparing to take over the shipping for the Defense Forces from the Icelandic shipping companies on the basis of U.S. laws enacted in 1904 to the effect that all supplies and provisions for U.S. military forces should be transported with U.S. ships if possible. The importance that U.S. authorities

follow the proper laws is not being minimized but it is, however, clear that laws on U.S. monopoly on shipping to and from Iceland conflicts with the interests of Iceland and are not in accordance with the content and spirit of the 1951 Defense Agreement between the countries. It is extremely strange if U.S. laws on protection which people there seem to be able to make use of when it is to their convenience, and, while it is to their convenience, are to decide whether secure and normal shipping takes place between Iceland and North America.

The American Moore-McCormick Shipping Company handled the shipping for the Defense Forces to Iceland up to 1967 but stopped when it was no longer profitable. During the term of the leftist governments here from 1978 to 1983, decisions were made about extensive updating of facilities at the Keflavik Air Base and construction of new facilities. There is no doubt that those parties within U.S. shipping that try to make quick profits must have evaluated it as profitable to begin shipping to Iceland for this reason and that these parties hit upon the solution to refer to the old laws from 1904 in order to demand a complete takeover of all shipping. But the fact is that a portion of this project is financed by funds from a NATO project fund and U.S. monopoly laws from 1904 hardly apply to that fund.

Since Moore-McCormick no longer found it profitable to ship to Iceland, Eimskipafelag Islands [Iceland Steamship Company] Inc and Hagskip Inc have handled shipping for the Defense Forces and calculated their ship acquisitions so that they would be able to give this large customer the best service possible. Leaders of both of these companies have expressed great concern about the fact that under the cover of old U.S. monopoly laws normal shipping between Iceland and North America is now being jeopardized.

The way matters stand now, the future of Icelandic ships sailing to the United States is in the hands of the countries' governments. Foreign Minister Geir Hallgrímsson said justifiably in MORGUNBLADID Saturday: "It is in our opinion not only in the interest of Iceland that Icelandic shipping companies continue to handle this shipping. The Americans should realize that it is no less in their interest that the Icelandic companies continue to provide their excellent service in this field."

#### Eimskip Dependent on Contract

Reykjavik MORGUNBLADID in Icelandic 6 Apr 84 p 42

[Article: "Eimskip Profit 97.2 Million Kronur Last Year: '1983 Profit Stimulus for New Efforts,' said Board Director Halldor H. Jonsson"]

[Text] The profits of Eimskipafelag Islands [Iceland Steamship Company Inc] amounted to 97.2 million kronur last year. This is a considerable profit increase from the year 1982. In 1982 the profit amounted

to 7.9 million kronur. Calculated in 1983 terms by taking the cost of the construction index into consideration, the profit in 1982 amounted to 13 million kronur so that the real profit has increased by a factor of 7.5 between these years. It should also be mentioned that 1982 was the first year in 5 years that Eimskip operated with a profit.

Last year's revenue amounted to 1.75 billion kronur. Total revenue in 1982 was 955 million kronur. The increase amounts to 83 percent. Calculated in 1983 terms in the same manner as the profit was, the total revenue in 1982 amounted to 1.623 billion kronur. This came forth in the annual company report which Hordur Sigurgestson, director of Eimskip, explained at the annual meeting yesterday.

The working capital ratio, the ratio between working capital and short-term credit last year was 1.30, almost the same as the year before when it was 1.31. The share of company's own capital, compared to the total capital was 42 percent which was higher than in many preceding years. It came forth, among other things, in a speech of Board Director Halldor H. Jonsson that last year's improved profits could be traced to some contributing factors both within and outside the company. Better utilization of the shipping fleet had been one factor as well as increased efficiency. Increased capital income had been considerable factor in the company's improved balance sheet. For example, the foreign exchange rate difference was less than the year before. "The 1983 profits are a stimulus for new efforts," said Jonsson.

Jonsson said also in his speech that the company had lowered the shipping rates on piece goods by 7 percent in December.

#### Total Shipping Never More

Eimskip's total shipping last year was 669,000 tons compared to 566,000 tons the year before. The increase and the transport measured in tons amounts to 18 percent between years and has never been more. There was especially an increase in exports, a total of 37 percent, which can to a considerable degree be traced to an increased export of heavy industry products. Shipping between foreign ports increased about 100 percent, from 4,000 tons to 8,000 tons.

At the end of 1983, 19 ships were sailing on behalf of Eimskip, 14 owned by the company and 5 chartered. This was two ships less than in the beginning of the year which can be attributed to the fact that the company sold three of its ships last year but only bought two. Laxfoss, Baejarfoss and Fjallfos were all sold and Lagarfoss and a new Fjallfoss were purchased. However, Fjallfoss did not arrive in this country until this year.

There was a considerable increase in shipping of frozen products by the company last year. Some of these products were shipped in containers which amounted to 15 percent of the shipping of frozen products, compared to 9 percent in 1982. In order to meet the changes in this field, the company has purchased 200 freezing containers which cost about 120 million kronur.

It came forth in Board Director Jonsson's speech that abroad, emphasis has been put on connections with foreign shipping markets. For example, the company owns 26 percent of its agency in Britain and runs an agency for the European continent in Rotterdam in cooperation with its agent there. One port of call was added abroad last year, Immingham on the river Humber about 11 kilometers from Grimsby. That port is mainly for export.

#### Paper Views Effects for Eimskip

Raykjavik MORGUNBLADID in Icelandic 7 Apr 84 p 24

[Editorial: "Eimskip--Stimulus for Efforts"]

[Text] An island, centrally located between the old and the new world, is more dependent on communications than continental states. Few nations, if any, are as dependent on international trade as Iceland, that is to say, exports as high a ratio of the national products--or imports as many necessities. Icelandic history has proved that our own control of communications to and from the country is an important prerequisite for the independence of the nation in general.

Eimskipafelag Island [Iceland Steamship Company] held its 70th annual meeting this week. This company has played a leading role in our international shipping for the greater part of the century. The company has had its ups and downs but last year the company made considerable profits, of almost 100 million kronur. This excellent profit can be traced to various factors within the company and outside: such as better utilization of its fleet; efficiency in operations; increased capital gain and the government's economic measures which definitely have been good for all industry in the country.

There is no guarantee, however, that the good times in shipping will continue. There are quick changes in that industry like in others. Old and obsolete monopoly provisions in U.S. laws that could apply to shipping for the Defense Forces are a danger signal that clash with the content and spirit of the 1951 Defense Agreement. The stability in the development of prices, exchange rates and interest rates that has characterized our economic life for 1 year, after a decade of chaos, is of great value but it often proves harder to guard what you have than to earn it.

Businesses must return profit and create their own capital in order to expand and progress technologically and to be competitive.

Future security, future standard of living and our economic independence depend on the prosperity of economic life--depend on increased national income. Thus the 1983 profit made by Eimskip is a "stimulus for new efforts" as the company's board director phrased it at the annual meeting.

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## SURINAME EXILE GROUPS SEEK DIALOGUE WITH BOUTERSE

Amsterdam ELSEVIERS MAGAZINE in Dutch 21 Apr 84 pp 18-19

[Article by Sigi Wolf: "Bouterse Has Time and the Tide on His Side: Doves of Peace Between Paramaribo and Amsterdam"]

[Text] Deprived of the illusion that Suriname army leader Desi Bouterse can be gotten out of the way by violence, all sorts of small groups are considering structures for reconciliation. The cause is waning opposition.

While those in power in Suriname are spasmodically attempting to cope with the economic crisis, they appear to be gaining wind on the political front. Whether intentionally or not, it is at any rate a substantial source of moral support for them that hostile compatriots in the Netherlands are increasingly filing down the sharp edges of their opposition. And that those people who have irreconcilably wielded the battle-ax over the past few months are now pursuing a course of reconciliation as dedicated apostles of peace. A substantial about-face after the failed adventure of a handful of desperados who planned an invasion from French Guiana.

Now that large parts of the Suriname community in the Netherlands have less and less confidence in the opposition, which is split by vulgar quarrels and personal feuds, the time appears to be ripe for extending to Bouterse the hand of peace. The Liberation Council, which at one time functioned so harmoniously, has lost all credibility through a lack of demonstrable martial exploits. Army leader Bouterse is still firmly in the saddle. His hasty disappearance is a stubbornly pursued illusion.

For Bouterse, it was from the very beginning a foregone conclusion that if his military dictatorship were to be accorded a long life, a protraction of time was necessary, against all intrigues. He made use of the time granted him to open up a reconciliatory offensive against the informal leaders of various opposition groups. In recent months there were consequently trips to and from the Netherlands by Bouterse's messengers, who influenced opinion leaders within the Suriname community. Ex-athlete and trusted representative Sammy Monsels and several figures from the top levels of the army made the rounds of culturally, religiously and politically active groups, particularly in the Bijlmer in Amsterdam. Even journalist Willem Oltmans, author of a song of praise in book form for the most powerful man in Suriname, has apparently developed an insatiable zest for traveling the Amsterdam-Paramaribo route.

From Paramaribo, politicians, journalists and Suriname welfare workers were assailed with telephone calls from confidants of the Suriname dictator. Thus, the most important advisor to Bouterse and to Prime Minister Udenhout, labor union leader Mr P. Cruden, called PvdA [Labor Party] member of the Second Chamber Henk Knol with the request that he come take a look in Paramaribo. The direct motivation for this invitation: to allow the suspended development aid from the Netherlands to Suriname to resume. An attempt which ran aground, since according to the PvdA member of parliament, the granting of development aid is only possible if clear impulses towards a democratization of rule are given, and an investigation is undertaken of the murders of 8 December 1982. "We are sticking to these conditions. Democratization means a disappearance of the military regime. And there is still no trace of this."

In order to gain better insight into social and economic developments in Suriname, Dr M. van Schaaik and Dr J. van der Straten, members of the Working Group on Suriname of the PvdA traveled to Paramaribo 3 weeks ago. For 80 hours they spoke with 82 people. "The information which we received is so complicated and sensitive that we must first put everything in order before drawing conclusions," Dr Van Schaaik explains his restraint in now making a report. "We have a political conception for arriving at a dialogue with the leaders of the government in Suriname. It is essential that action be taken quickly. I fear that the fireworks will go off in Suriname in the coming weeks."

The same sounds of warning are being made by Walther de Hart. He is cofounder of the Foundation for the Restoration of Dutch-Suriname Relations (Hernes Foundation). Walther de Hart calls himself a social engineer, one who keeps social conflicts in check; as he explains, he has just been on a trip of several weeks to Suriname. He brought the knowledge back with him that talks with the Suriname government are for the short term compelling and reasonable. "Now that no other options exist, we can't get out of it. We must be political realists and accept the wishes as they exist in Suriname. The miserable thing is that everyone has dug into their trenches and won't come out."

The Hernes Foundation wants to see aid offered to Suriname, independent of the events of 8 December 1982, on the condition that those events are not repeated. "Whatever punitive measures we may take against those responsible for those 15 deaths, we can't bring the victims back to life. It was never their wish that we in Suriname go the way of Lebanon or Northern Ireland."

The Hernes Foundation has been joined in its missionary work by the Amsterdam People's Opposition, a collection of progressive groups such as the 8 December Movement, women's organizations and Hindustan religious splinter parties which recruit their supporters from the Bijlmer and the Kinkerstraat district of Amsterdam. They are primarily organizations which formed the basis of Suriname opposition, but which out of dissatisfaction with the activities of the Liberation Council laid out their own course.

The driving force behind the Amsterdam People's Opposition is Dr Andre Haakmat, only 2 years ago wholesale dealer in ministerial portfolios and instigator of a volume full of decrees when he was the pet and guru of army leader Bouterse

in Paramaribo. After he had fallen into disfavor and was able just in time to escape the bloodbath of 8 December 1982, Haakmat turned up in the Netherlands as one of the most fervent adversaries of the hated military leader. In the Suriname Liberation Council he was distrusted because of his personal ambitions. He consequently got into trouble with leaders of that council and took a solitary course, with legal subtlety and great political drive.

Haakmat: "It oppresses us that Suriname has become stuck economically and politically. The Suriname people are threatening to become the dupes of this. The explosion of violence between pro- and anti-Bouterse adherents is now being played out in Dutch back yards. We are not getting anywhere this way. Important countries like the Netherlands, Brazil and the United States aren't really interested in Suriname. Suriname is being allowed to burst and an attempt is only made to sow discord among the people."

Now that all paths for reaching an agreement have been blocked, Haakmat thinks that a political solution is the only way out. The formula envisioned by him and his Amsterdam People's Opposition is a conference on the Lebanese model in which all involved Suriname groups--political parties, the army, the labor movement, business and the opposition, insofar as it is ready--should participate. At the conference, the drafting of a constitution in which the national aspirations of the Suriname people can again be found should be discussed, as well as a comprehensive investigation of the events of 8 December 1982.

Not only the bloodbath, but the causes of that traumatic incident as well must be scrutinized. The role of Chin A Sen, Haakmat, the Netherlands and the United States. Finally, a plan for democratization with time limits should be introduced, with the guarantee that whatever is agreed upon will also be observed.

12271

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## FOREIGN MINISTER, NORDLI AMONG PROMINENT MP'S QUITTING STORTING

Oslo AFTENPOSTEN in Norwegian 19 May 84 p 3

[Article by Odd Inge Skjaevesland]

[Text] Svenn Stray, Odvar Nordli, Per Hysing-Dahl, Guttorm Hansen, Asbjorn Haugstvedt, Jakob Aano, Hans Hammond Rossbach, and Eivind Bolle: these are just a few of the almost 40 members of parliament who have already decided not to run for reelection next fall. Five of the six members of the presidency are resigning.

The greatest desire to continue is found in Oslo, Akershus, Buskerud, and Troms. It is lowest in Hordaland, More and Romsdal, and Aust-Agder. The greatest attrition is in the Christian People's Party.

The nominating process is well underway in some county party organizations, while others have not even begun. A survey taken by AFTENPOSTEN shows that about 100 representatives plan to run again. About 20 are undecided. Most of those who are retiring have served at least three terms (12 years) and, as a result, will receive their full parliamentary pension.

Parliamentary presidents Hysing-Dahl (Conservative, Hordaland) and Nordli (Labor Party, Hedmark) and Odelsting presidents Arne Nilsen (Labor Party, Hordaland) and Odd With (Christian People's Party, Nordland) are retiring, as is Lagting president Liv Andersen (Labor Party, Oppland). Among the members of the presidency, only Thor Knudsen (Conservative, Vestfold) is running for reelection.

Twelve members of the government were elected to parliament in 1981. Of these members, Foreign Minister Svenn Stray (Conservative, Ostfold), Commerce Minister Asbjorn Haugstvedt (Christian People's Party, Hordaland), and Fisheries Minister Thor Listau (Conservative, Finnmark) have declined to be renominated.

Previous members of the government who are stepping down include ex-Prime Minister Nordli, Fisheries Minister Eivind Bolle (Labor Party, Nordland), and Social Affairs Minister Arne Nilsen. Former president of parliament Guttorm Hansen (Labor Party, Nord Trondelag) is another prominent person who will disappear from national politics.

The chairman of the foreign affairs committee, Jakob Aano (Christian People's Party, Rogaland) is retiring after 20 years in parliament. His fellow party member from the same county, Knut Haus, who is chairman of the agricultural committee, is also retiring. The chairman of the community and environmental committee, Hakon Randal (Conservative, Hordaland), will become commissioner of his home county.

The number of members in the various committees in parliament varies. The finance committee is largest, but all of its 18 members are interested in remaining for the next 5 years. Four of the 10 members of the consumer and administration committee are quitting.

Forde To Oslo?

The desire to quit varies from county to county. Of Oslo's 15 representatives, only Stein Ornhoi (Socialist Left Party) wants to leave parliament. Reiulf Steen will take over the top position on the list of candidates in Akershus in place of Einar Forde, for whom the party in Oslo must make room. The second position on the list is most likely.

There also are more candidates than positions in Oslo for the Conservative Party. Many alternate representatives now have experience, but none of the cabinet members for whom they substitute have indicated any desire to retire.

Next year's list of candidates will be carbon copies of the previous lists for the Conservatives, the Labor Party, and the Progressive Party in Akershus.

In Buskerud, Hans E. Strand (Conservative Party) is the only uncertain representative. There are strong indications that he will resign. In Troms only Per Aas (Christian People's Party) is having doubts. His party probably is dependent on his running for reelection if it is to be placed at the top of the list, which probably will be a joint list with the Center Party.

In Hordaland seven of the 15 members of parliament are stepping down: Hysing-Dahl, Arne Nilsen, Randal, Haugstvedt, Aksel Fossen (Labor Party), Hans Olav Tunesvik (Christian People's Party), and Sverre Helland (Center Party). In More and Romsdal at least four of the 10 will be absent from the list of candidates next year: Hans Hammond Rossbach (Liberal Party), Arnold Weiberg-Aurdal (Center Party), Oddbjorn Langlo (Conservative Party), and Aslaug Fredriksen (Christian People's Party). Half the Aust-Agder representatives are stepping down: Osmund Faremo (Labor Party) and Johannes Vagsnes (Christian People's Party).

Decimated

The Christian People's Party is being literally decimated. Of the party's 15 representatives from the last elections, only one was a woman, Aslaug Fredriksen--and she is stepping down. At least nine of her male colleagues will do the same: Haugstvedt, Aano, Haus, With, Tunesvik, Vagsnes, Jorgen Sonstebo (Telemark), Jens P. Fla (Sor-Trondelag), and Per J. Husabo

(Sogn and Fjordane).

Others stepping down include: Kristine Rusten (Labor Party, Oppland), Alf Bjorno (Labor Party, Vestfold), Engly Lie (Labor Party, Vest-Agder), Claus Egil Feyling (Conservative Party, Rogaland), Ambjorn Saelthun (Center Party, Sogn and Fjordane), Karl Ingebrigtsen (Labor Party, Nordland), and Elsa Kobberstad (Conservative Party, Nordland).

Knut Haus will be the oldest (70) and Kristine Rusten will be the youngest (44) to say farewell voluntarily to Lovebakken next spring. Svenn Stray is the one with the most experience. Two representatives died during their term in parliament: Ingvar Bakken (Labor Party, Ostfold) and Hermund Eian (Conservative, Sor-Trondelag).

There will be many familiar names among those who are stepping down. At the same time, among those who have announced their retirement there may be some who hope the nominating committee will ask them to remain for one more term. This method has been used with some success in the past.

9336

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## CHRISTIAN PARTY CHIEF DEMANDS WILLOCH ACCEPT ITS SOCIAL PLATFORM

Oslo AFTENPOSTEN in Norwegian 18 May 84 p 2

[Editorial: "Issues and Forms"]

[Text] This time it is the Christian People's Party that is "waiting for results" on one of its issues. At the heart of the issue is the report of family policy and the long-range program--and party chairman Bondevik has indicated that the issue may be a powder keg. According to newspaper reports, Bondevik has stated that the outcome could have an effect on nonsocialist cooperation after the next elections if KRF (Christian People's Party) does not get what it wants. The Christian newspaper VART LAND has gone so far as to use the ugly word "threat." In any event, it is said to be a clear warning to the most liberal members of the Conservative Party.

We do not know in detail what the "liberal" members of the Conservative Party believe on this issue, but we do not believe that the differences will have dramatic results. The Christian People's Party has stressed that the most important principle is that the family is the basic unit of society. Both attitudes and economic means must be used to protect the family. They have talked about increasing benefits to families with children, giving subsidies to homemakers, and allowing pension credit and sick pay to individuals who stay at home and care for others.

At the risk of being called blasphemous, we believe that the nonsocialist side should greet these proposals with an "Amen." We would be surprised if even the most "liberal" Conservative Party supporters refused to support these ideas. The concept that the family should be strengthened, that homemakers and individuals who take care of the aged and the ill should be given proper compensation, is hardly a "bombshell" of any kind. The very essence of the issue does not lend itself to controversy.

There are, however, two additional questions that may be raised. The first is what these reforms will cost and how high they should be placed on our list of economic priorities. The second question is how these reforms will be carried out,

To answer the second question first, we believe the issue should not be raised in such a way as to degrade people who choose to organize their lives and their contacts with others in some other way. It may be possible to say that the "family as the basic unit" is the best possible lifestyle, but we should be careful to avoid expressing ourselves in such a way as to speak negatively of other arrangements for living together.

Regarding the first question, KRF will receive our full support in placing these reforms and the groups involved high on the list of priorities. We are dealing here with an area of social life and social care that has been drastically neglected. Most of our "attitude," if we may use that word, and our interests have been centered around institutions. It is the well organized and the strong interests that have received, and still receive, the greatest attention when the politicians and society set their priorities and distribute funds. KRF is not the only group that has noticed this.

And if we should prove to be too few, we should do something about it--not by looking for powder kegs or by issuing so-called warnings but, to use a favorite expression of KRF, by working to shape attitudes.

9336

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## SUBSTITUTION FOR ILL PRIME MINISTER SEEN BOOSTING STRAY'S CAREER

Oslo ARBEIDERBLADET in Norwegian 10 May 84 p 7

[Article by Alf Ole Ask]

[Text] So far, there has been little speculation that Prime Minister Kare Willoch's illness could result in his resignation as prime minister.

It is unlikely that Kare Willoch will return full-time before parliament begins its recess on 8 June.

Foreign Minister Sverre Strøm is substituting for Willoch while the latter is ill.

Even if Kare Willoch is released from the hospital next week, he will need some time to convalesce. As a result, it is unlikely that he will be back on the job before parliament adjourns on 8 June.

Political editor Erling Rimehaug of VART LAND wrote on Saturday that Willoch's illness has revealed that the coalition government has no "crown prince." "Since Willoch has been in poor health since Christmas, it has become clear that he may need a replacement during the next few years. Who would take over?" Rimehaug asked in his article. He pointed to Rolf Presthus as the most likely candidate. Perhaps an Arne Rettedal, a Jan P. Syse, or a Mona Rokke could be the Conservatives' answer to Gro Harlem Brundtland. He dismissed the idea that the other coalition parties could agree on a common candidate for the job of prime minister who would be acceptable to the Conservative Party.

## Going Well

The government has announced that its work is going well under Strøm's leadership. So far, no delays in parliament have resulted from Willoch's illness. Work on the revised budget is proceeding normally and Willoch is "participating" in this work from his sickbed. Gradually, however, as his absence becomes longer the speculation will increase. So far the political consequences of the prime minister's sick leave have not been a hot topic of conversation around the tables of the restaurant in the House of Parliament. But as soon as a difficult situation arises, requiring the attention of the politician Kare Willoch, the situation could change rapidly.

## Unusual

Since the war, no prime minister has taken such a long sick leave. Odvar Nordli considered taking a leave of absence in 1981, but resigned instead because he thought it would be awkward to take sick leave. But his resignation did not cause a crisis in the government, such as Willoch's departure could cause. For better or for worse, the three-party coalition is Willoch's hand-picked government. One reason he has been absent from his job for so long without a wave of speculation is that there is no one who could challenge Willoch for his position.

## Substitute And Budget

Foreign Minister Sverre Strøm is substituting as the head of the government. He recently survived a tough and critical debate in parliament. But he is given no chance of becoming the new prime minister. After the criticism in parliament, the foreign minister has now adjusted his foreign policy course. This is especially true with regard to South America. This adjustment, combined with his position as acting prime minister, has increased Strøm's stature in the coalition and especially within his own party.

Willoch will remain on sick leave throughout the spring session of parliament. Many members of the Conservative group in parliament believe that the prime minister should take a good rest and come back healthy and rested to begin working on the government's 1985 budget.

9336

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## CHURCH LEADERS' STRONG ENTRY INTO POLITICS REVIVING CHRISTIAN PARTY

Oslo AFTENPOSTEN in Norwegian 15 May 84 p 5

[Commentary by Odd Inge Skjaevesland]

[Text] The question of values will become more and more important in the public debate in the future. The lines will be more clearly drawn and the battle more heated. In this situation, the leaders of the Christian organizations could experience a kind of renaissance in Norwegian politics. In its early years, the Christian People's Party recruited its representatives primarily from Christian leaders. After 2 decades of relative absence from party politics, Christian leaders may now be returning.

The organizations need to participate in the decision-making process. They must seek influence in parliament and in the government. The Christian organizations and the Christian People's Party need each other. After the elections next year, secretary general Gunnar Prestegard of the Home Mission Board may represent the party in parliament.

During the early years of the last century, the state church regulations limited preaching by laymen. That had political repercussions on the Haugians' primary objective--religion. "Hans Nielsen Hauge, who is the founder of all this, is just as much a dreamer in the political arena as in the field of theology," county court judge Boll wrote in 1801.

Just after 1814 many bishops, rectors, and vicars were elected to parliament. Around 1850, however, more and more laymen were included. They were the ones who left their mark on the Christian People's Party when it was founded in 1933. The party's first representative in parliament, Nils Lavik, had been secretary general of the Vestland Home Mission Association.

There always have been close ties between the Christian People's Party and the Christian organizations. In 1961 former home missionary Egil Aarvik was at the top of the party's list of candidates. He was followed on the list by a Pentecostalist leader, the wife of the secretary general of the Missionary Union, and a curate. Birger Breivik represented the party in parliament and later became secretary general of the Missionary Union. There are numerous other examples.



There also have been ties between the Christian organizations and other parties: There is widespread apprehension toward a political alliance between these organizations and a particular political group. The leaders point out that they are welcomed by the prime minister, whether it be Kare Willoch or Gro Harlem Brundtland. It goes without saying, according to the Christian leaders, that those who are involved in politics may choose whichever party they wish.

The Christian Workers' Association has left its mark on the political left in Norway, although it has not been easy. The Conservative Party has a long tradition of having Christian politicians in high positions. The Center Party and, especially, certain elements in the Liberal Party have made a special effort to work for a society characterized by Christian values. But this effort is more modest today than in the past.

One requirement for freedom in Christian activities is maintaining a certain distance to the political parties. As a result, there have not been direct links between the Christian organizations and the party to the same extent as there have been between the Labor Party and the labor movement. It is difficult for the leader of a Christian organization to hold a high political post. Serious conflicts would be involved, for example, in being both secretary general of an organization and a member of a party's executive board or national committee. It is either one or the other.

Many Christians believe they are called to political activity. Some of them seek support from Christian leaders for the political positions they have assumed. During the 1960's and 1970's they became more cautious in revealing their party affiliation. It became more and more of an exception to see prominent Christians on lists of political candidates--although this did occur. In 1977 Even Fougner, president of a Bible college became alternate representative of the Christian People's Party in Oslo, as did secretary general Kjell Gronner of the Youth Association 4 years later.

Gunnar Prestegard, on the other hand, is more active in politics. When cabinet minister Kare Kristiansen was chosen as chairman of the county council in Oslo recently, Prestegard became vice-chairman. He has no plans to resign from the Home Mission Board and does not see politics as a kind of emergency exit from his office at Staffeldts gate 4 in Oslo. But he has now been there about as long as his predecessor and, as a result, it would come as no surprise if he resigned before long.

If Kristiansen chooses not to run for reelection to parliament, he would like to see Prestegard as his successor. It now seems, however, that the oil and energy minister will run for another term. But that does not necessarily mean that Prestegard will not be in parliament next fall. In Telemark, Jorgen Sonstebo has announced that he will not run for reelection. Lower Telemark will now need a successor for him. Former vice-chairman Solveig Solli of Skien and Sonstebo's first alternate, Arnfinn J. Stein are now running even--so even, in fact, that Prestegard from Skien could be a natural compromise.

## CATALAN ELECTION PARTICIPANTS ASSESS RESULTS

Madrid ABC in Spanish 3 May 84 p 19

[Text] "The basic lesson of the Catalan elections is that, contrary to what was thought, the PSOE [Spanish Socialist Workers Party] can lose the 1986 elections. Now it is necessary to analyze what changes must be made in the coalition's strategy to achieve that objective." This was stated by PDP [People's Democratic Party] sources who repeated that it is not a matter of changing the coalition but "analyzing the strategy."

The same sources said that the "PDP has evaluated the Catalan election results as unsatisfactory. However, it is clear that we have some election commitments that include recognition that Manuel Fraga will be the coalition's candidate for the presidency of the government. Those commitments have never been questioned."

In the opinion of the PDP, it must try to center the coalition more and win votes from the left. The Popular Alliance agrees with this objective and it was defined at the Barcelona Congress. "Now it is necessary to analyze what changes must be introduced in the strategy."

Other sources noted that "they would not snub" Miguel Roca's contribution but the Spanish electoral law clearly shows that two political forces running separately would not be beneficial. "There are 28 electoral districts in Spain in which there are five or less deputies in dispute. The third political force is hurt and it is not right to divide the vote."

The Christian Democrat leaders have decided to use "extreme prudence, caution, calmness and silence" to avoid arguments. However, they noted that "reconsidering the strategy and advocating the center-right image of the coalition means strengthening the personality of the PDP and the liberals in the coalition, respecting their identity better." The same sources indicated that "in Catalonia we have not been well represented in the leadership and the criteria of the campaign." There was also criticism that the campaigns were not sufficiently aimed at the middle classes where "we have our strongest real and potential electorate. They are also those who are most hurt by the actions of the socialist government."

Although some isolated critical voices like Juan Jose Folchi and another Catalan leader have been heard, the position of the most qualified leaders is to

strengthen the Popular Coalition and change the strategy. This is the opinion of Oscar Alzaga who apparently dined with Manuel Fraga Tuesday night to analyze the electoral results together. Probably the agreement to avoid upsetting statements came from this.

According to what ABC has been able to learn, the objective of the PDP "summit" was to improve the influence of the party on the electoral slates of the coalition. One of its leaders stated that in about 15 districts the top position on the slates belongs to the Christian Democrat group.

#### Reflection, Criticisms

Reliable Popular Alliance sources consulted by ABC stated that "there is no internal crisis or debate about the criticisms by a member of the National Council when the Catalan elections were analyzed by Eduardo Tarragona and some other member." The same sources stated that those criticisms were about how the campaign was carried out and not the basis. They were given by what is called the sector of historians who caused some of the crises when the candidate was nominated.

The Popular Alliance people seem headed for a period of reflection based on the opinion "that the PSOE has demonstrated that it can lose the elections. We have always been willing to sign pacts with the objective of broadening the electoral alternatives and winning the general elections in 1986." The idea has not been discarded that the changes introduced in the strategy mean greater participation by some leaders of the parliamentary group, especially Miguel Herrero de Minon, facing the party machine led by Jorge Verstrynge.

It also seems to be confirmed that Eduardo Bueno will continue as the leader of the coalition in Catalonia.

Today and tomorrow the coalition parties will hold various meetings of their executive organs to analyze the Catalan elections and establish united criteria for action.

The PSOE will also meet tomorrow to analyze the Catalan results that are not considered good. Apparently two different lines of diagnosis conflict in the heart of Catalan socialism. One would advocate using the autonomous nature of the party and Catalanism more. The other would follow the same line and improve channels of communication with the PSOE.

7717

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## STATUS OF 'OPERATION ROCA' IN WAKE OF CATALAN ELECTION

Madrid DIARIO 16 in Spanish 3 May 84 p 5

[Article by Carlos Davila and Carmen Rigalt: "Operation Roca"]

[Text] Reformist Leader Made First Contacts in Madrid

Miguel Roca, leader of the Catalan Minority and assistant secretary general of Convergencia i Unio, consciously disappointed expectations caused by his return to Madrid after his coalition's victory in the Catalan elections. He arrived at Parliament very late (the session had begun more than a hour before) and did not want to make any statements. Roca said: "At this time they are paying me not to make statements of any type."

However, the promoter of reformism is making his first political contacts of this new stage in Madrid. He and the secretary general of reformism and Antonio Garrigues are preparing for the meeting that the latter will hold at the end of the month in the capital of Spain. It is very likely that the date of the constitutional congress of the party will be set then; it will probably be held in October. In Madrid Roca is trying to escape from the political argument that has arisen after his victory in Catalonia. Also he does not want to enter into discussions with the socialist politicians who criticized him more personally in the electoral campaign.

Alfonso Guerra, vice president of the government, made sweeping statements in the central aisle of the Cortes. He was very careful not to mention Roca by name once but about Tarradellas he said: "His extrapolations are ridiculous." He was evidently referring to the opinion of the old politician who supported socialism in the past elections when he stated in Barcelona: "The PSOE [Spanish Socialist Workers Party] has not really tried to win."

The photographers were prepared for Guerra and Roca to meet but it was not possible. Roca, thinner even than usual, arrived with the deputy from the Catalan Minority, Llibert Cuatrecasas, with whom he had lunched. The leader of reformism went to Barcelona yesterday where he had a victory supper with all those in charge of the campaign last night. Today, Friday, Roca will leave on a week's vacation to an undisclosed location. According to what he said yesterday, 15 May "will be the time to make statements."

In Madrid, Miguel Roca received calls, some to make political appointments and others to request a position in the new reformist party. Roca is especially interested in sounding out the possibility of an agreement with Adolfo Suarez, leader of the "other center." The old minister of interior, Juan Jose Roson, seems there already.

However, Suarez and Roson have not decided to begin negotiations with Roca because, to a certain degree, they are dependent on the governing party, the PSOE. Adolfo Suarez wants to head the private network of pseudo-private television that the PSOE plans to authorize. Juan Jose Roson is president of a state enterprise. These facts seem important to Roca because he believes that unless the two centrist leaders cut their ties with the state, they will not join any operation of a new center.

On 15 May, Roca will begin a political tour throughout Spain, according to a detailed program that the party has prepared. Roca already has a sociological perspective of the new political situation and even has on his desk a study done by an enterprise that has begun to work for reformism. It contains an extrapolation of the Catalan votes to all Spain and the seats that a center party would win at this time in Spain if elections were called.

#### Mr Roca's Discreet Charm

It is easy to do a profile of Roca because, to begin with, Roca is a man with quite a profile. He has a sharp, aristocratic nose that takes in all the aromas of political life without having to get down to sniff the ground. Straight-backed like a nobleman but swaying slightly in his grayish-blue suit, Miguel Roca gave a little smile. He once more gives off that scent of flattery that victory carries, the scent of fawning congratulations, the scent of uncorked champagne, bittersweet laughter, feverish celebration, beautiful women, a thousand and one hugs.

This man does not have charisma but prestige. Saints, tramps, conquerors, actors, artists and bandits have charisma. Roca is known for doing things slowly and doing them well. He has sleepy eyes, lukewarm and kind. He is serious, cordial, discreet, without false conceit or arrogance. His conversation reveals a certain French embellishment of good manners. France is represented in Roca through his birth certificate--he came into the world in Burdeos on Hitler's birthday in 1940--and through his tastes. "What I like most is to do nothing--'badar' as we Catalans say--look at the clouds or sit down in a cafe in Saint Germain, Paris, and watch the people go by."

Incapable of raising his voice, expert in grinning and bearing it and going through a lot of criticism before the "arc de triumphe" (without disturbing his countenance), Roca is a man born for and by politics. Son of an exile, he had a childhood marked by the anti-Franco struggle. Now not only a great vocation but family ties connect him to politics. He is married to Ramon Trias Fargas' niece and has a sister who married into the world of Anton Canellas, former leader of the Catalan centrists.

Miguel Roca is passionate about efficiency. According to him, efficiency can only mean good results. He works, as is said, from sun to sun, sleeps on the

air shuttle and likes to be on the go. He gives his parliamentary comrades in Madrid a real beating, walking up and down Castellana. His favorite pastime is bicycling, a sport he practices almost exclusively in the summer when he goes to Port de la Selva north of the Costa Brava. He has a small hideout there where he relaxes on his free days. Miguel Roca, like a good Catalan, is a fan of Barca which is fairly common in his party. However, it contrasts with the fact that he does not know how to dance the sardana. Roca himself justifies this by alleging that he does not like the rigid rhythms of one-two, one-two. "My favorite rhythms for dancing are less rigid." He commented on one occasion: "I began to dance well when spontaneity came in. Now I am one of those who leaves the floor when they play a waltz or a pasodoble and returns with the Rolling Stones."

Miguel Roca's latest political events are related to the attempt to reincarnate Cambo, that Catalan politician who wanted to rescue Spain from the old familiar demons. In his own way, Roca wants to do the same today. His dream would be to export the common sense--the famous "seny"--of the Catalans to the rest of Spain. As Baltasar Porcel said some days ago in the introduction to Roca's book: "Why not?" Catalanism is tied to democracy. If there is no democracy in Spain, there is no freedom for Catalonia. If there is no democracy for Catalonia, there is no freedom in Spain.

Roca cannot work with any human material other than the ruins of the UCD [Democratic Center Union]: Suarez who has already sidestepped the offer; Roson who is thinking about it; and Garrigues who is not a UCD ruin but a ruin of himself and who is the only sure ally so far.

Mr Roca rubs his hands. According to him, the Catalan results are a clamorous confirmation of his theories--that is, the need to create an alternative between Felipe and Fraga. Roca will soon resume his political flirting to attract Suarez (recently he always speaks well of him), Roson (because he is the best among the rest of the dead UCD) and, of course, the people of the PNV [Basque Nationalist Party]. (It might be that Arzallus is involved here; Roca speaks suspiciously well of him as opposed to Garaicoechea.) Then there is Martin Villa. Personal jealousies also count in politics. It is true that Roca and Martin Villa hate each other.

With Machiavellianism and all, Roca stays above politics. He hardly ever descends to gossip or uses venomous and deprecating language about opponents. He always has a sop in hand, a kind adjective, a bow or praise to keep his buddies happy. With the same naturalness with which he praises Pujol's star, he comments that Esquerra Republicana is "a good partner." He does not show any scruples about confessing that he is a friend of Narcis Serra: "Our relationship is not as close today because of work but we are friends."

To the Catalans, Miguel Roca signifies something more than a drawing-room politician. They love Pujol like one loves his mother and they take to Roca. Roca is, to put it clearly, the certificate of quality.

## BIOGRAPHIC DATA ON ERC LEADER HERIBERT BARRERA

Barcelona AVUI in Catalan 12 Apr 84 pp 10-11

/Article by Antoni Batista/

/Text/ Heribert Barrera, top name in the ticket of Republican Left of Catalonia, entered the world of politics when very young, and always under the sponsorship of Macia and his comrades /Macia i Companys/. Besides this activity and its hard consequences--refugee camp and exile after the war, detentions--Heribert Barrera is a recognized scientist. He has three university degrees, chemistry, physics and mathematics, and a doctorate from the Sorbonne. In 1970 he joined the Autonomous University of Barcelona as professor and he links his theses to his teaching.

Heribert Barrera is very fond of reading and writing, and his private life is characterized by austerity. At the first autonomous legislature, he was president of the Parliament. Many of his public declarations have fired up old controversies.

Elections To Parliament: Heading the List

Heribert Barrera, secretary general of Republic Left of Catalonia, president of the Parliament and candidate to the premiership of the Generalitat under the sponsorship of Macia and Companys, was born in Barcelona on 6 July 1917, 3 months before the Russian Revolution. One might say that the nationalism in which he was continually swept up comes from the cradle. He is the son of Marti Barrera, who was leader of the CNT /National Confederation of Labor/ and representative to the Parliament and to the Spanish Cortes, as well as councilman of the Generalitat. Marti Barrera was imprisoned at the Mola de Mao, together with Salvador Segui and other leaders, and this hard circumstance is his first living political experience. Barrera drank of the milk of nationalism, the nationalism that has produced so much indigestion in third and fourth parties. After a lecture at the Menendez y Pelayo University, at Sitges, on 8 September 1981, the then government delegate, Rovira Tarazona, considered Barrera's expressions as "the most serious verbal attack directed at the constitution since its promulgation." Joan Reventos nearly called him a "dangerous madman"

and his opponent Obiols rattled off a phrase: "Senile exhibitionism." The cause: Heribert Barrera had said that Spain is not a grab-bag unit but rather a multinational state, while defending the fight of the Catalans to claim their sovereignty. No more or less than his usual positions, expounded in the categorical speech of a scientist. It is not the same country on base 17 as on base 1. Heribert Barrera, when he speaks of politics, does so without failing to be a scientist.

#### Chemist, Physician and Mathematician

When he was 19, Heribert Barrera fought in the artillery, fought on the fronts in Aragon and the Segre. Afterwards he studied to be an officer as another way of making himself useful to the republic. The dictatorship did not give him time. His political activity, however, had started earlier, when he entered the university. During those two black years (1934-1936), he was detained three times. Very early he entered the youth of the Republican Left, first having gone through National School Bloc.

In 1939 he went into exile in France. On 8 February, he crossed the Pyrenees and stopped at the Argelers refugee camp, where thousands of unfortunates-- "Christ with 200,000 arms" according to Agust Bartra's description--broke the brackish seashore landscape of the bar of Cape Creus. The installations were only prepared for 1,000 persons and there 100 times more. They lived miserably, gathered in bunches and had to huddle together in order to resist the winter nights. Pere Bosch Guimpera saw him there, notified his father, who was at Narbonne, and thanks to a friend who was a deputy, managed to free him.

#### Uneasy Exile in France

From Argelers he went to Montpellier, where he concluded his studies in chemistry and also received university degrees in physics and mathematics. In 1948, at the Sorbonne, he read his doctoral thesis. One of those invited to the academic ceremony was Josep Tarradellas. Exile in Petain's France was not easy, either.

Heribert Barrera has published an important number of articles in scientific journals, has been a researcher at the University of New Hampshire and, in 1970, joined the Autonomous University of Barcelona. He did not become a full professor because he did not wish to forswear the basic principles of the movement, which speaks in Catalan and without quotation marks around it sounds like one of the subjects taught by the hard teacher Barrera, but which actually was, as is known, something else.

When democracy advanced with unshakeable support, Heribert Barrera had already risen in politics and the professorial chair was far in the past. His university dedication has progressively diminished and now he only retains the double link of his two theses.

#### The Professor's Accompanied Solitude

Seven years ago, Heribert Barrera separated very amicably from his wife. Now he lives alone but his is a false solitude, it is the professor's accompanied



solitude. A cleaning woman keeps his apartment orderly. He is in permanent contact with brothers and nephews.

What Heribert Barrera's house reveals most about him is his books. About 20,000 volumes carpet the walls, evidence of his smoldering passion. Culture is also functionally decorative.

Besides being a tireless reader, Barrera writes poems; it is his secret hobby. Almost nobody knows this and very few of his friends have had access to his verses. Perhaps many of these lines hold keys to this man who, while occupying the spotlight, has managed to guard his private space zealously. It is known, however, that he does not smoke and drinks only water, that he is as austere in his eating as he is in dressing, that he has almost never gone to soccer games, that he likes to swim at Palamos and that, when he likes, he turns his lower lip into a sound box for his guttural voice, calmly refuting critics like those of the republican ideal, identity and self-determination.

12448

CSO: 3548/238

## ERC CALLS FOR MORE GENERALITAT POWER, STATUTE REFORM

Barcelona AVUI in Catalan 12 Apr 84 p 3

/Article by J. Playa Maset: "Elections To the Parliament"/

/Text/ Republican Left of Catalonia is today the protagonist of these electoral plans. In the first place, because yesterday it presented its government program, a program that insists on the strengthening of the autonomous power as the basic premise for being able to carry out any task. The Left also presented yesterday its economic program to the Chamber of Commerce, a program that advocates the activation of the Catalan agricultural sector as the recovery-point of our economy. Another outstanding protagonist of the day was the Convergence candidate, who acted very optimistic and did not stop to make declarations while he was visiting the Ebre lands, where he censured the central government's refusal to transfer to the Generalitat the legal authority concerning water policies. Earlier, in Barcelona, he had insisted on regressive readings of the constitution and the need to activate TV3. Meanwhile, Ramon Obiols met for the last time before the elections with his advisory organ; afterwards, he held a working dinner with entrepreneurs and attacked the agreement signed by the Economic Development of Labor and the Generalitat, at the same time as he accused Minister De la Quadra of political naivete, for he thought that he had said what Miquel Roca wanted.

## Government Program Presented

Policy cannot be made without more autonomous power, according to ERC /Republican Left of Catalonia/.

Barrera wants Catalonia to be made into a single province.

Yesterday ERC presented its government program centered on the demand for greater power for the Generalitat and the need to reform the Statute. The fusion of the four Catalan provinces into a single province and the demand for a national Catalan lottery are the most original aspects.

Barcelona--Heribert Barrera yesterday presented the book that contains the ERC government program emphasizing that "we shall begin by asserting that any policy made from the Generalitat needs to strengthen the autonomous power." Barrera, who was with the first heads of the list from Barcelona, Hortalá, Alay, Vila, Pruja and Casas, commented on other aspects of the campaign and answered Ramon Obiols saying that these solutions were not a third way between Right and Left, but that "Catalan politics is two-dimensional, on the one hand one settles the national issue and on the other, there is the division between Right and Left."

Barrera said he did not know whether there was an autonomous pact between AP and the PSOE as CiU has indicated. And he commented ironically: "Presently there is total confusion between proponents of the Left and proponents of the Right, so that you wonder how to classify Mr Obiols party." Also answering the question of whether he would accept a debate with the head of the list of Understanding, Jordi Carbonell, just as the latter requested, Heribert Barrera asserted that there was no objection to doing so, but owing to possible repercussions, the executive council of the party would have to decide. The secretary general of ERC expressed relative optimism about the start of the campaign and also indicated that the time was past for "large political rallies, because they are now rituals which are out of fashion."

#### Greater Power For the Generalitat

The ERC program starts from the consideration that the three big problems of Catalan society are its identity crisis, inadequate adaptation to the modern world and the economic crisis. None of these problems "has an easy or immediate solution," and this solution requires a previous condition: "The increase in Catalan power." This political objective, the direct increase in the power of institutions, requires basically the total use of the legal authorities, the completion of the transfers of services, the adequate appraisal of the transferred services and the correct establishment of the percentage of total government tax receipts, the reform of the Statute towards increasing the legal authority of the Generalitat and the replacement of the current system of financing by a system of economic agreement, contract or arrangement, and alteration of provincial boundaries in order to change Catalonia into a single province. The most important and surely most controversial point is that of the Statute reform which, as Heribert Barrera has been saying, is not planned except on issues which have been achieved by other autonomous communities in their respective Statutes, with the possibility of joining to Catalonia bordering municipalities (recognized in the Statute of Aragon), the legal authority on hydraulic resources and water system (recognized for Aragon and Andalucía), the possibility of asking for or applying for international treaties or agreements, because it is a border region (the case of Aragon) and the aforementioned economic accords, among other points. Catalonia would be turned into a single province even though this would mean a reduction from the present 17 senators in the Senate to only 4.

#### National Catalan Lottery

In the cultural program, ERC emphasizes the need "for deepening and reform of the law of linguistic normalization." On this point the party asserts that it respects coequal official status, but is of the opinion that the only language

of Catalonia must be Catalan. Within the social program it advocates a greater endowment of functions to the autonomous police and a special incidence in the fight against drugs through the social assistance law to the addict and a heavy penalization of narcotics trafficking.

One of the most original proposals of ERC is the petition to create a "Catalan national lottery" since it would be an important source of revenues, and the transference of the functions and services of the ONCE: It recalls that the raffle for the blind was created in Catalonia. Regarding slot machines, it is proposed that their use be restricted to the maximum /sic/ and that they be placed only in special locations. As a means of decreasing juvenile unemployment, the party proposes turning to the apprentice system.

12448

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LIBERAL PARTY HOPES WESTERBERG IN RIKSDAG WILL REVIVE FORTUNES

In Riksdag by 1985

Stockholm DAGENS NYHETER in Swedish 8 May 84 p 6

[Article by Ake Ekdahl]

[Text] Liberal Party leader Bengt Westerberg will have a seat in Parliament before the end of the year. Former party chairman Ola Ullsten is expected to give up his seat in Parliament before this term is over and probably sometime this year.

That is the assessment produced by six current and former officials in the party leadership. The possibility of getting the Liberal Party leader into Parliament by giving him a seat on the Stockholm bench left vacant by Ullsten is so sensitive politically that none of those consulted was willing to speak openly.

During a radio interview on Monday morning, Bengt Westerberg himself hinted at such a development. When asked whether he had his sights set on Parliament, Westerberg answered:

"At least before the 1985 election."

This means that he is willing to take over a seat in Parliament if one is offered to him before then.

Friggebo

Technically, the chance of that happening has increased following deputy chairwoman Birgit Friggebo's statement to reporters in Parliament during a private chat that she is not pining for a seat in Parliament.

The Liberal Party has two guaranteed seats in Parliament representing Stockholm. One is occupied by Ullsten, the other by Jan-Erik Wikstrom. If Ullsten leaves Parliament during this term, Friggebo will be first in line to take over his seat.

If Friggebo declines, five other candidates will be eligible ahead of Westerberg. But in the political situation that has now arisen, and with strong insistence

that Westerberg should be able to use Parliament as a platform for his work of attracting more attention to Liberal Party policy, it would be impossible for any of them to force their way into Ullsten's seat ahead of the party leader.

#### Getting a New Job

The five, in order of precedence, are Olle Wastberg, who works full time for a mass media firm; Bonnie Bernstrom, a public relations officer for the State Railways; Margareta Andren, a chief social welfare officer; Hadar Cars, an energy researcher; and Gertrud Hedberg, an employee of the Management Group. All of them have full-time jobs and several important party assignments.

The timing of Westerberg's entry into Parliament will be determined by when Ullsten is offered a new assignment by Prime Minister Olof Palme.

One source told DAGENS NYHETER that "the intention has always been that the Ullsten question would be resolved sometime during 1984."

His assessment is that the government has a great interest in being able to offer the former Liberal Party leader a tempting job and that in fact, everything is ready for the day when an inquiry comes.

#### International

At the same time, Palme has expressed appreciation for the fact that Ullsten has not been walking the corridors of government in search of a job since the new party leader was chosen last fall.

The people around Ullsten say that deep down, what he wants is an international assignment with executive duties.

Ullsten was abroad on Monday with the so-called Waldheim group, a consultative body in the United Nations that consists of former prime ministers, and was not available for comment.

None of the Liberal Party members consulted disagrees with the opinion that having Westerberg free of parliamentary work during a "running-in" period was a success.

If the strategy is to be changed, the most likely solution today would be to make Westerberg a member of Parliament earlier than planned.

#### Traveling Around

Since last fall, the Liberal Party leader has been traveling around Sweden to present himself and his party's policy, but also to learn some things himself. The schedule has called for traveling practically every week while also spending 2 days a week in Parliament. The goal is to visit every county before the next election campaign. That goal will be achieved sometime this fall.

The parliamentary group sees no problem in the fact that Westerberg has not been able to speak for the party in major parliamentary debates.

## Increased Interest

For the future, interest in the Liberal Party is expected to increase when the party begins a round of debate with the Social Democrats in October on the issue of freedom and when it holds its national congress in Stockholm in November.

Everyone also says that with Westerberg taking part in the big parliamentary debates beginning this fall, curiosity concerning the Liberal Party will naturally increase again.

"It will be a natural development if Westerberg has his place in Parliament when it opens in October this fall," said one of the spokesmen contacted by DAGENS NYHETER.

## Party Drops in Polls

Stockholm DAGENS NYHETER in Swedish 8 May 84 p 6

[Text] The fact that the Liberal Party's leader, Bengt Westerberg, does not have a seat in Parliament is not one of the main reasons for the party's setback in the latest voter opinion poll.

So says Thomas Berglund, a member of the so-called committee of inquiry that was appointed to consider the party's future strategy and a change in party leader after the last disastrous election.

"One should not think that seats in Parliament or ministerial posts are the best platform a party can have for pursuing a tenable and good policy," he says.

He wants to downplay the importance of Parliament to political parties that want to be seen by the voters. The Liberal Party's policy is currently being hammered out around the country, and he feels that Westerberg has succeeded in awakening a response to it among the voters.

## Factors in Party's Decline

Stockholm DAGENS NYHETER in Swedish 8 May 84 p 2

[Editorial by Tore Winqvist: "Liberal Party and the Boundary Crossers"]

[Text] The fact that the Liberal Party--at least according to the latest poll by the IMU [Institute for Market Research]--has again lost most of the sympathizers that flocked to it after the change of party leader last year does not surprise the other parties, of course. The Liberal Party's leadership, on the other hand, will naturally think about the mistakes it may have made.

The difficulty is that there are hardly any major mistakes to be corrected. The setback presumably occurred because those who went over to the Liberal Party thinking that Bengt Westerberg was a fresh new personality have already slipped back into the old ruts which in this country--unfortunately to an unusually high degree--are formed by affiliation with a social group. The more the debate

is dominated by strictly economic issues, the easier it is for the two biggest parties to appeal to the thinking that agrees with the interests represented by each of them. A liberal party cannot and should not do the same. It must touch other chords.

Throughout 1983 as a whole, much "general nonsocialist" thinking in Sweden and the rest of Europe gravitated more markedly toward a rightwing or neoliberal outlook, while many traditional Social Democrats quietly conceded that there was probably something to the charge that, for example, the public sector was being overloaded. At the same time, judging from the voter analyses, some of the latter seem to have regarded Westerberg as a good alternative. Over the whole spectrum, there was what was called, somewhat simplistically, a wind blowing to the right. Now that the Social Democrats can point to first-rate export and production figures, some of those in the small percentage that can cross the bloc boundary are returning to the fold.

The task of the middle parties must be to persuade those who are actually market-oriented but nonideological Social Democrats that they in fact are already social liberals. That would be easier if Bengt Westerberg were to have a seat in Parliament at least before election time. Even the Social Democratic press regards him as a more equal opponent for Palme and Feldt than the other two opposition leaders. But breadth and depth are also needed in the group closest to the party leader.

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CSO: 3650/198



## BRIEFS

IRELAND SHARES SUB PROBLEMS--Submarines and neutrality are interests and problems shared by Ireland and Sweden. This fact was reflected on Monday when Swedish Foreign Minister Lennart Bodstrom started an official visit to the republic of Ireland. In recent years Ireland has been aware of the increased submarine activity by the great powers, although it has not found any subs inside its territorial waters. The Swedish foreign minister's visit has been given a lot of coverage by the press, radio and TV in Ireland. The Irish TV company broadcast a report from Sweden on Monday along with a lengthy interview of Lennart Bodstrom. "Trade matters are important to Sweden," Bodstrom said. Last year Swedish exports to Ireland totaled around 1 billion kronor. [Text] [Stockholm DAGENS NYHETER in Swedish 8 May 84 p 6] 6578

CSO: 3650/197

## DEFENSE MINISTRY BACKS PROPOSAL TO INCREASE RECRUITS' FITNESS

Copenhagen BERLINGSKE TIDENDE in Danish 13 Apr 84 pp 1, 7

[Article by Jens Olaf Jersild: "Soldiers Should Be Healthier, Smarter"]

[Text] Defense Minister Hans Engel wants better and smarter recruits. Some young men will be barred from volunteering. As an offset, more of those "fully qualified" will be drafted.

Defense wanted smarter and healthier recruits, so that sending home as many as is the case today will be avoided.

Physician General Svend Trier of the Defense Command is of the opinion that mentally-limited young men should be rejected." "If one were to set requirements sufficiently high, it could be said in theory that high school graduation would be required for acceptance in defense.

"However, when one considers how many graduate from high school today it would not be necessary to reach that high. We are only trying to reject a few percent who are mentally limited, with poor arms, legs, or backs, or suffer mental illnesses," says Svend Trier.

These groups traditionally waste resources of the defense forces because they cannot complete training and must be sent home. For the army alone it amounts to almost 10 percent of the draftees who were inducted in 1982, and the figure is growing. Defense therefore proposes that induction rules be stricter, so that more suitable young men be accepted. At the same time the group of fully qualified men will be made smaller so fewer but smarter and healthier are declared qualified.

The proposal is supported by Defense Minister Hans Engell, but has encountered opposition in the Interior Ministry which handles draft sessions.

## Fifty Draft Resisters Hamper New Rules for all Privates

Expenses of 2.5 million kroner for 50 draft resisters have caused an impasse between the interior and defense ministries. A watch on the budget is the reason why the interior and defense ministries have spent a year discussing implementation of an initiative for more rigorous examination of young men in draft sessions.

The initiative comes from a broadly-based committee, and there is agreement in all camps about it.

--It will improve quality in Danish defense.

--Will prevent waste of resources to the amount of 10 million kroner, while implementation will require at most 3 million kroner.

--Will prevent the sending home of several hundred young men annually before expiration of their military service, often with dishonorable discharge papers and psychic damage.

Nevertheless, the interior and defense ministries cannot agree on implementation of the proposal, despite an exchange of letters between the two ministers, Hans Engell and Britta Schall Holberg.

Nor is the disagreement caused by the proposal itself, but 50 draft resisters.

The story began over a year ago when a Defense Ministry committee issued: "Opinion on Late Rejection of Draftees." The committee's task: To find out what should be done about the increasing problem of defense having each year to reject more and more draftees because they could not stand serving their time. The committee proposes stricter requirements at the draft sessions, so that more young men were prevented from entering the service, and at the same time more fully-qualified men were drafted. In this way the draft session would sort out some of the young men who, according to experience, would be unable to carry out the duty. According to the Defense Command, this would mean reduction of the number sent home to about 5 percent of all of those drafted. This would avoid a waste of resources of about 10 million kroner.

From the Defense Ministry the matter was forwarded to the Interior Ministry which handles the draft sessions. Here there were doubts.

"If the number of volunteers goes down, more draftees must be called in, and the more draftees the more draft resisters," said the Interior Ministry, not good news from that ministry. For it is the Interior Ministry that pays for draft resisters, while defense pays for the soldiers. And in this case it was calculated that calling in draftees as a result of the proposal would produce an extra 50 draft resisters, to cause expenses to the Interior Ministry of a total of 2.5 million kroner annually. And all of this expense caused by a proposal that in reality benefited another ministry.

Beginning the letter "Dear Defense Minister," Interior Minister Britta Schall Holberg wrote a letter to Hans Engel on 15 November last year approving of the proposal, but saying that the 50 draft resisters would have to be paid for by the Defense Ministry.

The Defense Ministry started to calculate, and after due consideration Hans Engell agreed in a letter of 13 March this year, in which he tells his colleague that defense saves no money on the proposal. On the contrary, it is more expensive to stop sending people home, but that better soldiers serving their full term produces a better defense. "Therefore I urge you to implement the proposal as soon as possible," says Hans Engell in the letter. What is to happen now is up to the Interior Ministry. According to Office Manager Steen Thorbek, the proposal is under consideration between the ministries.

## SUBMARINE FLEET COMMANDER DEFENDS RETAINING HIS UNIT

Copenhagen AKTUELT in Danish 4 Apr 84 p 22

[Article by Commander P. B. Nielsen, chief of the submarine squadron: "Military Importance of Submarines"]

[Text] In the 23 March issue of FRI DEBAT Major Graabak writes a defense of Folketing Member Knut Damgar's [KD] viewpoints concerning the development of our defense forces. Among other things, he calls for pertinent arguments for retaining submarines, while similar arguments by KD are apparently not called for.

I have perceived that KD agrees that submarines will for some years constitute a significant element of Danish defense since KD has recommended leasing of submarines from abroad. Where our opinions differ is their long range importance, with KD asserting that technological developments will in a few years make it possible to map the underwater movements of submarines. Neither KD nor I are experts on technological developments, and we must therefore depend on others who understand all of this. Unlike KD, I depend upon established expertise, and when in my previous article in FRI DEBAT I wrote that nothing indicates that submarines in the foreseeable future will lose their considerable superiority in the Baltic it is a conclusion based upon the Defense Research Council's report of December, 1982 concerning submarines and alternative systems.

Major Graabak writes that KD wishes to investigate whether it would be more appropriate to employ other weapons systems to replace submarines. KD is a bit late in expressing this desire, for these analyses have already been done, both in the defense command--as seen above--and in the Research Council. The analyses include among other things the threat and its development, future tasks and an assessment of all imaginable alternative weapons systems. Analyses of this kind are classified and can therefore not be included in detail in public debate. KD must have knowledge of them, however, since he is a member of the so-called 11-Man Committee. Ample material is thus available as a basis for the Defense Command's recommendation for retaining submarines and procuring new ones. In my opinion much more than weakly-supported postulates concerning technological development in the anti-submarine field is required to sweep this thorough analysis off the table. KD and Major Graabak owe us substantial documentation for their claims.

Major Graabak writes further that a comparison between land-based Harpoon units and Hawk batteries is professionally inadmissible. I admit that they fire at ships and aircraft respectively, but the components and the size of the batteries are very similar, which Major Graabak can ascertain by reading the Defense Command's report concerning land-based coastal batteries. The most important thing, however, is to record that land-based missile batteries are not merely trucks carrying missiles.

Concerning the ability of aircraft to gather information about an enemy compared to that of submarines, I will admit that both can be used. While aircraft can rapidly search large areas thus providing an immediate picture of the situation, submarines watch a particularly interesting area, for weeks if necessary, or special activities. To that extent the two types of surveillance are very different and there is need for both. For the rest, I will refer to the defense minister's response to Folketing Member Pelle Voight on a similar question. Among other things, the defense minister says: "It is a question of two very different weapons systems with different missions and different ways of employing them. In my opinion, submarines cannot be replaced by F-16 aircraft."

And finally, concerning submarines that only lie in wait for a landing fleet that perhaps never appears. Well, let us hope it never comes, in that case the submarines have, among other things, carried out their most important task.

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CSO: 3613/136

## ACTION SLOW ON PROJECTED BUNDESWEHR MANPOWER DEFICIT

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 9 May 84 p 3

[Article by Karl Feldmeyer: "By 1998 the Bundeswehr Will Be in Need of More Than 100,000 Additional Draftees"]

[Text] Bonn, 8 May--Ever since Defense Minister Woerner spoke on the radio during the Easter holidays about the necessity to make "some very unpleasant decisions" as early as this year--beginning with lowering the criteria for service fitness for draftees, lengthening compulsory military service "roughly from the year 1989 on," and the decision concerning "whether we must introduce voluntary service by women in the Bundeswehr"--a public discussion has gotten under way which is slipping more and more out of the control of the Defense Ministry. This involves not only secondary considerations, such as the notion of young girls wearing steel helmets and olive-green fatigues, for example. Interest is also growing, at least on the part of the informed public, concerning the future structure of the Bundeswehr. Here questions are being raised which are objectively justified and necessary. The present rulers brought these up themselves when they were in the opposition: What is the situation with the fulfillment of the promise given to NATO of making the defense expenditures grow by 3 percent annually in real terms up to 1986? What about the demand that the budget estimates for the Bundeswehr be adapted to needs, not to finances? What is the situation in connection with realizing the demand that the Bundeswehr must have a homogeneous weapons planning concept, that there be an end to adding up the demands of the army, air force, and navy according to the financing ratio of 50 to 30 to 20? And whatever became of the "real" financial need for about 25 billion marks which the Bundeswehr, as Woerner himself once attested to his predecessor Apel, was carrying over, even though it no longer showed up in the official budget estimates? These are the criteria with which the opposition used to do its measuring, and it must accept the fact that as it is in the government now it is being measured according to the same criteria.

Regardless of these things, there is still the question of why just now the issue of the "Bundeswehr in the 1990's" is being discussed as if it were coming to light only at this time. The opposite is the case. As far back as 2 years ago, in May 1982, the report was published by means of which the long-term commission established at that time by Defense Minister Apel gave answers to the question of how the Bundeswehr's strength of just under

500,000 men in peacetime and 1.2 million men in a national defense emergency can be maintained despite the drastic decline in the number of people liable for military service. If the present regulations were to be adhered to, then by the year 1998 in each annual contingent there would be a shortage of 104,000 people out of the needed 252,000 draftees; the strength of the Bundeswehr would then drop to about 290,000 men.

The long-term commission also made known what measures are necessary in order to avoid this development: The lengthening of military service from the present 15 months to at first 18 months in this decade and to 24 months at the beginning of the next; the recruitment of more enlistees and thus of soldiers who wear the uniform for periods between 2 and 15 years; the enlisting of up to 30,000 women in volunteer service; and finally even having recourse to as many as 20,000 young foreigners living in the FRG. The commission recommended also more strict standards for induction and additional funds for the development of manpower-saving equipment.

Moreover it had been very clear in stating that in terms of its peacetime strength the Bundeswehr must not shrink below 472,000 men if it does not want to lose its capability for a forward defense (and that means: The capability necessary here of being able to grow to 1.2 million men within 48 hours). Reductions of 10 percent, and thus of 50,000 men, would already make it necessary to "modify" the defense mission, it said; a decline of 20 percent to 400,000 men signifies even at that point abandoning a forward defense and altering the Bundeswehr from a combat-ready army into a basic-training army, which requires another structure, namely one which is oriented to expansion. In that case another lowering of the nuclear threshold would be necessary. "The loss in operational forces could not be...offset. A curtailing of the capabilities of the German armed forces for forward defense would have to be followed by similar developments among the allied armed forces," the commission observed.

This state of affairs has been known about for 2 years now. But as the present discussion shows, obviously it has been repressed so much that these facts can now be treated in the public debate as if they were brand-new. Certainly this has to do also with their status and their functionality in the current political debate: The unpopularity of what is necessary is perforce directed against those who must espouse it. Added to this are the facts that this public discussion is arousing sensitive feelings within the government, the foreign minister is criticizing the non-cabinet minister who has special responsibilities for defense, and the government spokesman is dismissing the whole thing "as an unnecessary commotion." But in Bonn the opportunity to be able, by way of a discussion of questions of fact, to simultaneously lay bare weak points in the government and to make difficulties for it has always been a strong motive force.

For Defense Minister Woerner and the leadership of the Bundeswehr, this debate is coming too early. What is needed above all in order to be able to answer the questions now being considered is a decision by the Federal cabinet, specifically by the Federal Chancellor, as to what strength the Bundeswehr should have after the drop in the birthrate has spread to the

draft-age brackets. A discussion of these questions was already on the agenda at the beginning of this year in the cabinet, but this had to give way to other issues. Moreover, detailed investigations as to the various conceivable options are not yet finished. But their completion is imminent. Next month a stocktaking as to overall planning will be presented to Woerner by the chief of staff. It will include priorities and furnish options concerning the manpower strength and concerning what material equipment is in line with such a strength. Then by late autumn the Bundeswehr leadership must know what the government wants in order to be able to act in good time.

#### Real Zero Growth not Adequate to Fulfill the Military Requirements

If everything continues on as hitherto, in 1998 the Bundeswehr will have only 297,000 men--checks made on the report by the long-term commission have confirmed this--and it will be short by more than 100,000 draftees. Even if everything possible is done, it is unlikely that the current strength can have been maintained by the end of the century. The Bundeswehr has calculated accurately: Increasing the period of military service to 18 months adds 42,000 more men; lowering the fitness requirements for draftees gives another 12,000 men; the revocation of the exemption from military service for those who serve the public interest in organizations such as the Technical Emergency Corps makes another 9,000 men available; the conscription of married potential draftees gives 6,000; by raising the number of enlistees serving for 2 years another 20,000 men are hoped for; and through more attractive pay for the long-term personnel it is believed that an additional 33,000 soldiers of all ranks can be gained. Another 15,000 posts at which previously only male soldiers have done duty can be filled by women who want to serve on a voluntary basis and by civilians who like these neither are allowed to perform armed duty nor may hold posts at which they would have to order the use of weapons. But all of this together only gives a total strength of 430,000 men--that is, less than the number required for being able to fulfill the mission of the Bundeswehr at its present strength.

However a significant correction has been furnished by the recalculation done at the Hardthoehe: The wartime strength of 1.2 million men can already be guaranteed--although with an increased early-warning time--with a peacetime presence of 453,000 men (instead of 472,000), if at the same time the number of training areas for reservists is raised from the present 7,000 to 15,000. But the wartime strength is the true criterion of the importance which the FRG has in the Alliance. At the same time it is the political prerequisite for being able to restrain the Belgians, Netherlanders, and Americans from reducing their troops in the FRG.

This fact and the circumstance that until 1995 it will be possible to maintain a strength of 465,000 men by means of draftees alone, without having to fall back on the use of women, is something that the Bundeswehr leadership would like to take advantage of, as well as the manifest readiness of the political leaders to agree to what is necessary. Therefore the inclination is toward a solution which is aimed--at least for the time being, and thus for the next 12 years--at maintaining the Bundeswehr in its



current structure and wartime strength, and at letting its peacetime strength decline to 450,000 men toward the beginning of the 1990's.

To the leaders at the Hardthoehe, the solution in question is one which on the one hand guarantees a manpower strength large enough to allow the fulfillment of the military requirements and the demands of the Alliance, but at the same time in terms of financing still permits the utilization of modern weapons technologies. However, with a real zero growth--which is what the Bundeswehr has had to put up with in fact since the change in government--this cannot be managed. To want to leave things in this condition would surely also amount to continuing to escape from a promise given to NATO and would be incompatible with the frequently repeated declaration of intent on wanting to strengthen "NATO's European pillar," to enlarge its own role, and to improve the conventional defense capability of the Alliance. But according to the things which have come to light as a result of the investigations, what the Bundeswehr needs in order to be able to fulfill its mission for the next 10 years does fall below the promised 3-percent growth.

The answer to the question of what is to be done in order to be able to pull through at the end of this century will have to be sought at a later time. But in any case the notion that we can maintain the Bundeswehr at its present strength more or less independently of changes in birthrates is absurd. This will be seen at the latest when the children of those age groups which have had a low birthrate report for duty in the barracks.

12114

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## NAVY, ARMS MANUFACTURERS SEE INCREASE IN SUB INTRUSIONS

## Vestland Fjords Especially Vulnerable

Oslo AFTENPOSTEN in Norwegian 30 Apr 84 p 20

[Article by Rolf L. Larsen]

[Text] Bergen, 27 Apr--It is the height of the submarine season. Spring and summer provide the best "working conditions" for submarines in the Norwegian fjords. Norwegian subs and foreign ones. Especially in the Vestland fjords. These fjords have great depths, big temperature shifts and a great influx of water from snow-covered Vestland mountain slopes at this time of year. This creates extremely difficult search conditions. It is almost like looking for a "needle in a haystack" when Norwegian air and naval forces have to look for submarines in these areas at this time.

AFTENPOSTEN experienced this on Friday. The submarine "KNM Uthaug" and its crew demonstrated its ability to "romp around" in a branch of a Norwegian fjord without being detected.

The Supreme Defense Command (FO) and the Submarine Inspection arm (UVBI) at Haakonsvern near Bergen had for the first time arranged a "submarine seminar" for four Norwegian journalists. The seminar was a combination of theory and practical experience. First, submarine tactics and techniques and then a "submarine drill" in the approximately 600-meter deep Bjorne Fjord south of Bergen. A typical Vestland fjord with peak working conditions for a well-trained submarine crew.

"No sonar in the world could find us now." The submarine commander on the "Uthaug," Lieutenant Commander Jostein Egeland from Bergen has no doubt about that.

The submarine which is around 500 tons in weight and 45 meters long, moves with great slowness in the submerged position. It is approximately 50 meters below the surface of Bjorne Fjord. The maneuvering units of the submarine are fully manned. Egeland gives his orders. Quickly and firmly.

"Take it down to 100 meters," he says. The submarine bow sinks rapidly into the depths. At a speed of 30 kilometers we rush toward the indicated depth. It takes less than 30 seconds. At the same time the crew "spins" the submarine 180 degrees around, so that it continues in the opposite direction. The entire maneuver occurs while the submarine is slanting at a 20-degree angle.

"In this way we can shake off pursuers. Today conditions are ideal here in the fjord. The listening equipment on ships and planes runs into a different 'layer' of water at a depth of around 50 meters. That provides extremely poor listening conditions. Now we have gone below that layer. In addition the sub is now traveling in the opposite direction. Such avoidance maneuvers can be executed in seconds," says the submarine commander.

"Hiding here in the fjord is not much of a problem either. Like most Vestland fjords, Bjorne Fjord is a so-called threshold fjord. That means we can place ourselves on a 'shelf' or down in a depression and pretend to be a 'rock.' A pursuer would have little chance of finding us."

Lieutenant Commander Egeland has served on submarines for 8 years. Today Norway has 10 subs in the so-called "Kobben" class which are fully operative at all times. We also have two subs in storage and two in for major overhauls.

"People need to know more about submarines and sub hunts in Norwegian fjords. We want to remove the mystery surrounding what goes on during such a search. Show the possibilities a submarine has under extreme search conditions in a Vestland fjord. That is why we invited you to join us on this trip," said Commander Jan Jaeger, second in command at the Submarine Inspection unit at Haakonsvern near Bergen.

He thinks Norwegian fjords are "visited" annually by submarines from other countries. Neither he nor anyone else knows exactly how many, of course. But there is a report that gives some indications. It was prepared by the so-called Hardanger Fjord Committee. It gives a survey of visits by foreign submarines during the last 14 years. The figures speak for themselves. There were three definite intrusions by foreign subs, 12 probable intrusions, 85 possible ones, 175 unidentified objects and 75 non-submarines.

The report also shows that most were observed in the spring and summer. That is the height of the submarine season. Everyone in the submarine branch at Haakonsvern admits that. Why? The answer to that was given in Bjorne Fjord. "Working conditions" were excellent. It is practically impossible to find a sub under search conditions like that. The submarine has every chance of eluding detection.

## New Underwater Listening Devices

Oslo AFTENPOSTEN in Norwegian 30 Apr 84 p 20

[Text] Bergen, 27 Apr--Permanent submersible submarine search equipment must now be placed in the helicopters carried by Coast Guard ships. Such equipment will provide far greater opportunities for locating foreign submarines in Norwegian fjords than those that exist today. In search actions in areas with a lot of ferry and shipping traffic, the important thing is to make such areas "sound-free" as quickly as possible, in other words all traffic of this kind must be stopped.

Leading submarine personnel at the Submarine Inspection unit at Haakonsvern said this to AFTENPOSTEN.

"It is very difficult to find a foreign submarine in the Vestland fjords with the listening and search equipment we have today, especially at this time of year. The many 'layers' of water in the fjords make it almost impossible to obtain reliable contact with submarines from the surface, from a vessel or from a plane. We must have sonar equipment that can be lowered into the sea, so that it penetrates these ocean strata--which provide false reflections--thus making it much easier to tell where the foreign submarine is located," submarine personnel said.

They maintain that such equipment could best be located in helicopters on board Coast Guard vessels. "These helicopters are very mobile and would be well suited for carrying out searches of this kind."

## Simrad, Thomson Project

Oslo AFTENPOSTEN in Norwegian 9 May 84 p 48

[Article by Pal Stensaas]

[Text] The listed stock company, Simrad Subsea, Inc. of Horten, has entered into a cooperative agreement with one of the world's leading producers of military sonars, Thomson-CFS/DASM of France. This cooperation will make both companies stronger in the competition for big contracts on the Nordic market, which is pegged at a total of roughly 1 billion kroner.

The interest of the French electronics giant in the Nordic market is connected with the increasing appropriations for equipment used in the search for foreign submarines. But Thomson's military sonars are adapted for larger vessels than those usually used for this purpose in the Nordic region.

Simrad Subsea administrative director Kare Hansen told AFTENPOSTEN that Thomson is especially interested in Simrad Subsea's solutions to the special acoustic conditions that are found in Nordic waters. Thomson equipment is

adapted for large oceangoing vessels, while Simrad's sonars are used by swift patrol vessels. "For our part we will gain access to Thomson's expertise on large military vessels. We will come on the international military market much sooner and much stronger than if we had to follow the same path ourselves," Hansen said.

The Thomson company, which will cooperate with Simrad Subsea on an individual project basis, has 1500 employees and annual sales of around 1 billion kroner. Thomson's underwater company is active in the areas of antisubmarine weapons, mine-detecting sonars and corresponding offshore and ocean research equipment.

Simrad Subsea is working on a number of international projects on the military market and in the offshore sector, each of which lies in the 10 to 50 million kroner range.

Marketing chief Steinar Faanes said it is possible that Thomson and Simrad Subsea will cooperate in developing a type of sonar for military purposes that is intended for the international market.

Simrad Subsea is currently negotiating with the Swedish armed forces on a development contract. The Simrad company has made substantial deliveries to the Swedish armed forces in the past. If all the projects now being planned alone and in cooperation with Thomson pay off in full, Simrad Subsea would need to hire new people in Horten. In the course of this year there could be 10 new jobs on the development side. Today Simrad Subsea employs 185 people and it delivers around 10 million kroner worth of military sonars a year.

#### Buying Companies

Simrad Subsea will place increasing emphasis on the international market and in this context the management is currently evaluating a total strategy for the American market. Simrad's sales company in Seattle has been reorganized and now Simrad is negotiating for the purchase of a small firm on the east coast of the United States. The Simrad management is also eyeing the possibility of acquiring similar companies in Canada to insure itself of the best possible starting point in the market for all Simrad's products.

In the last 3 months Simrad Subsea had sales of 30 million kroner, around 3 million kroner over budget. Operating profits are around 2.5 million kroner over budget. Financial expert Per Andreas Vogt told us that the firm had counted on a relatively weak development in the first half of the year. But Vogt emphasized that the 1984 budget with sales of 140 million kroner and profits of 15 million kroner is quite realistic. Simrad Subsea is currently making a stock capital offering of around 30 million kroner. The amount is already oversubscribed.

6578

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## BOOK ON U 137: SUBMARINE INTRUDED INTENTIONALLY

Stockholm DAGENS NYHETER in Swedish 8 May 84 p 2

[Article by Anders Hellberg and Anders Jorle]

[Text] An overwhelming number of facts indicate that submarine 137 definitely did not stray because of faulty navigation. TT news agency journalists Anders Hellberg and Anders Jorle write that below in their continuation of DAGENS NYHETER's debate on U 137. Hellberg and Jorle who wrote a book together on the submarine affair maintain among other things that Karl Andersson and several other prominent military men at the Karlskrona naval base have indicated an incorrect location for the grounding incident. The right location drastically reduces the likelihood that this involved a direct course toward the grounding site, they say.

The debate on the grounding of submarine 137 and the possibility of a navigational error is something we have followed with increasing astonishment. A great deal can be written about the importance of 137 with respect to subsequent submarine hunts, but so far we have believed that the question of the Russians' innocence had been settled. An overwhelming number of facts indicated that submarine 137 definitely did not navigate incorrectly.

But now Ingemar Myhrberg and Olle Alsen are seriously claiming that the Russians were the victims of an enormous conspiracy and arrived in Gasefjarden due to a navigational error.

Ingemar Myhrberg has made the mistake of not checking his information; for this reason he is totally wrong on some points. Alsen evidently just accepted Myhrberg's information as true later on.

Ingemar Myhrberg bases his entire argument on four assumptions:

Submarine 137 could enter Gasefjarden on a straight course within a sector of 9 degrees, the weather was foggy, witnesses heard the submarine over a

long period of time and the water was too shallow in Gasefjarden, 3-9 meters, for the submarine to be able to conceal itself.

Let us look closely at what he says:

First, the submarine's course. According to Myhrberg there is a "sector 9 degrees wide within which on an absolutely straight course one can move from open sea to the point where one runs aground." According to information given to Myhrberg by Karl Andersson, "all it needs is for a vessel to be on a compass course between 32 and 41 degrees for some reason."

This statement shows that neither Karl Andersson nor Ingemar Myhrberg had bothered to plot the course on a nautical chart or perhaps they are unaware of where the submarine ran aground. For in part the course is an impossibility.

The angle is limited to 4-6 degrees, depending on the margin one wants for the 3-meter curve. Theoretically, between 31 and 37 degrees a submarine could enter Gasefjarden on a straight course, but then one would have to go right past a buoy on the Flisan sandbar that the Shipping Agency set out in May 1981--5 months before the submarine ran aground. If one wants to go around the buoy the angle is only 5 degrees.

It should be noted here that several high military officials at the naval base in Karlskrona gave the wrong location for the grounding incident in response to our questions. Many people, including Swedish military men, think the submarine ran aground at the marked submerged rock west of the southern point of Torumskar. That is wrong; aerial pictures show that submarine 137 went on the rocks west of the "T" in Torumskar on nautical charts. It can be noted here that the map illustrating Myhrberg's first article also showed the wrong location for the grounding incident.

If one plots a course from this wrong location, it is quite true that one obtains the 32-41 degrees that Myhrberg obstinately adheres to.

If the possible angle is reduced to 4-6 degrees, the probability that a direct course led to the grounding location also declines drastically.

Then we come to the weather. Ingemar Myhrberg refers to the pilot station on Aspo "where the visibility was 2 nautical miles." He also refers to the weather stations at Bredakra and Karlshamn, 4 and 6 land miles respectively from Gasefjarden, but he was very careful in his first article not to mention the SMHI [expansion unknown] station at Ungskar, only about 5 kilometers away from the site of the incident and much closer than Aspo. At 1300 and 1900 hours on Tuesday 27 October 1981 Ungskar reported a visibility of 4-10 kilometers (2.2-5.4 nautical miles).

According to Myhrberg the figures in the OB [Supreme Commander of the Armed Forces] report, 6-11 km, do not agree "with any station in the area." The Ungskar figure, 4-10 km, is roughly the same as the 6-11 km and a long way from Myhrberg's fog.

A visibility of 4-10 km substantially reduces the likelihood that the submarine crew could not have seen the Utklippan beacon.

But in his latest article Myhrberg suddenly included the reports from Ungskar, after several people involved objected to his first account.

Thus he has been forced to retract his conclusion about the weather, based on conditions in Karlshamn and Ronneby and on Aspo, where the pilots are not part of the weather service anyway.

In his latest article Myhrberg writes that "when passing Utklippan U 137 could have been right on the outside limit of the beacon's scope under the prevailing visibility conditions."

This argument is the last straw being grabbed at by someone who apparently has never been to sea.

Even in foggy weather when the land contours disappear, the brilliant land approach beacons can be seen from a considerable distance. Trained seamen could not avoid noticing the quality of the beam of light from an approach beacon--in the case of Utklippan there is a flash every 15 seconds that in clear weather can be seen at 23 minutes of distance, or 12.5 kilometers. The submarine's watch also admitted--as Myhrberg wrote later--that he saw the light on his starboard side.

When there is local fog, Utklippan also has a foghorn that no vessel in the vicinity could avoid hearing.

Myhrberg and Olle Alsen claim that the submarine was moving noisily over the ocean in a surface position. They refer to "earwitnesses living on Aspo and Sturko who could clearly follow its intrusion for more than an hour before it ran aground."

According to our reconstruction the submarine ran aground between 1800 and 1900 hours on Tuesday evening and people on Sturko had heard the high-pitched diesel engine for about half an hour when they settled down to watch "Report."

The testimony Myhrberg and Alsen refer to is not reliable:

Residents of Sturko we have talked to say that the sound from the noisy diesel came from the other side of Malkvarn where the submarine ran aground. A submarine in the W class has a maximum surface speed of 18 knots and a cruising speed of 14 knots. This means that within an hour it moved 14 minutes of distance or close to 26 kilometers. The "earwitnesses" who claim to have heard the submarine out at sea for more than an hour and also claim they could tell it was a submarine would thus have heard the diesel engine over a distance of more than 25 km. No discerning person with maritime experience believes this is probable.



Against this background the likelihood that anyone heard engine noises so far out to sea is drastically reduced.

Or else the submarine went back and forth off the coast, which would rule out Myhrberg's and Alsen's theory about faulty navigation on a straight course.

Finally there is Myhrberg's argument about the depth of Gasefjarden, which is alleged to be 3-9 meters. Once again Myhrberg did not check. The depth figures on charts of inner and outer Gasefjarden outside the 6-meter curve are between 7 and 14 meters. But for our part we have never claimed that the submarine entered Gasefjarden in order to dive or conceal itself.

With regard to the large-scale chart, Alsen says it was a "tall tale," something we made up. That was rash, since the information came from the chronically unreliable Myhrberg. Sworn interviews, which we unfortunately could not omit, confirmed that the nautical chart in question was a chart of the Blekinge archipelago.

Alsen had to make a retraction.

Large parts of the text in our description of the events surrounding submarine 137 were reviewed in the manuscript stage by people who were close to the events.

Both Ingemar Myhrberg and Olle Alsen as well as earlier participants in the debate on this matter have suppressed important facts on the Russians' navigational equipment which we described in our book.

For example the Russians claimed that the radio direction finder was out of order. But when Swedish military men and technicians who were part of the investigating commission tested the submarine's direction finder, they received a clear signal from the radio beacons transmitting in the group in the southern part of the Baltic Sea, including the Utklippan beacon. It is obvious that the Russian direction finder was functioning.

Furthermore, technicians took apart the gyrocompass in the submarine without finding anything wrong with it. And the Swedes also determined that the submarine's Decca system (an advanced radio navigation system with a high degree of precision) was functioning well. Nor did the Russians ever deny this, although the submarine officers indicated the possibility of an error in this case. The echo sounder was working but lacked an adjustment wheel. In addition the submarine was equipped with a functioning radar system.

All this means that even if the fog was as thick as Myhrberg mistakenly claims, there is very little probability that the Russians did not know where they were.

Alsen charges that we have been "faithful to the military version." That is possible, but to Alsen this seems to mean that the description is untrue. A strange line of argument!

Although an overwhelming portion of all the factual information about submarine 137's grounding contradicts the attempt to explain the incident as the result of navigational error, Myhrberg-Alsen stubbornly continue to present the same views, based on interpretations, loose pieces of information and the suppression of other pieces of information.

We have made a report on the submarine affair seen through Swedish eyes. And what happened after the submarine was detected occurred whether or not it arrived there as a result of faulty navigation or whether it was there intentionally. It is true that the submarine incident served Swedish military interests--we have never tried to hide that. But this does not blot out the fact of the intrusion.

The extent to which submarine 137 later caused a rash of periscope phobia among the Swedish population is a question that should be answered by responsible politicians and military people.

But the question of navigational error can be dismissed as totally absurd.

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## MECHANICAL ENGINEERING FEELS GROWING JAPANESE PRESSURE

Hamburg DIE ZEIT in German 9 Mar 84 p 19

[Article by Hans Otto Eglau: "Attacks on the Leaders in the Field; In Competition With German Producers, the Japanese Are Gaining Ground"]

[Text] Four European producers of electronic typewriters pulled themselves together for an unexpected act of solidarity: The German firms Olympia and Triumph-Adler, together with their Italian competitors Olivetti and the Swedish Ericsson-Facit group, complained about 10 Japanese suppliers to the EC Commission in Brussels. According to the accusers, the Far Eastern producers had pursued EC customers with forbidden dumping methods.

The agitation of the European typewriter manufacturers is only too understandable. In 1981 they had the market practically all to themselves, and already last year one out of every two compact machines sold was Japanese-produced. In the FRG, once the indisputable realm of the office machine industry, companies such as Brother, Canon and Sharp were able to increase their sales figures by as much as 45 percent in 1983.

The encroachment by the Japanese into the office and information technology market has significantly contributed to the negative balance of the German machine-building industry relative to its principal Far Eastern competitor. If last year German firms were able to increase their deliveries to Japan by one meager percent, the Japanese succeeded in a spectacular growth of over 35 percent in the FRG. With DM 2.1 billion they achieved for the first time a sales volume of twice that of the German machine-builders to Japan. Among the supplier nations, the Far Eastern export power has thus fought its way up to sixth place after the United States, France, Italy, Switzerland and England. In contrast, Japan as a destination country for German machine exports ranks behind Yugoslavia and Finland as far down as 19th place.

Even so, there is no reason for panic--at least for now. With a turnover of about DM 120 billion, mechanical engineering is still the most important sector of the economy, ahead of the automobile and chemical industries. The leader in the field estimates that in 20 out of 41 different markets it has a leading position in the world. In 1983 the industry also achieved a fat export surplus of nearly DM 50 million. With a 20-percent share of the mechanical engineering exports of all Western countries, the Germans continue to claim second place right after the United States (26 percent) and ahead of

Japan (13 percent). The Asians' deep thrust into individual sectors of the German strongholds, only a few years ago held to be impregnable, has caused many companies to become worried.

The machine tool industry, in particular, has come under pressure. After its temporary recovery after the first recession in 1980 and after 2 years of being ahead by a narrow margin, it once again slipped into a deficit due to a more than 31-percent decline in exports to Japan, and a simultaneous growth in imports of more than seven percent.

As with watches and cameras, with entertainment electronics and office technology products, the Japanese did not attack along the entire front of the machine tool industry all at once. Instead, with a sure instinct for the most vulnerable spots of the competition, they aimed for just a few segments of the market, in which they were able to show their specific strengths--most rational production of standardized equipment in large numbers--in a superior manner. In these sectors, primarily user-friendly lathes and processing centers, they came out with models which admittedly do not always meet the highest demands but because of an attractive price-performance ratio nevertheless appeal to the bulk of the customers.

Based on his own experiences, Swabian machine tool manufacturer Berthold Leibinger has reported certain early indicators, which indicate that disaster threatens from the Far East. "Initially, they make efforts at trade fairs to acquire know-how through licensed production," observed the head of the machine building company Trumpf GmbH + Co in Ditzingen, which has its own production represented in Japan, "then they try for a joint venture." The next step is massive expansion for export of the planned capacity and securing of the market position they have meanwhile achieved. "If the Japanese one day register more patents than we," says Leibinger, "then it is usually too late already."

On the other hand, manufacturers of printing and paper machinery are not noticing much of the Japanese. Even today the Heidelberg Printing Machine Co. can still count itself lucky to be selling better even in the Japanese market than the Japanese suppliers. Says board chairman Wolfgang Zimmermann: "After the United States and England, Japan is our third largest export market." Led by the Heidelberg people, the German printing machine manufacturers, with nearly a 25-percent rate of increase, sold 10 times more in Japan than the Japanese in our country.

But the ambition of the Samurai descendants has awakened even in areas where up to now they played second fiddle. "One day they will come with printing machines too," predicts Hamburg export merchant Carl-Heinz Illies, whose trading company represents numerous German machine builders in Japan. There is no lack of evidence: On the U.S. West Coast the Japanese have already established themselves firmly in the trade with fast rotation machines.

In textile machinery the continuing German dominance can already be measured in figures. To be sure, companies from the FRG delivered more to Japan in

1983 than domestic consumers imported from there. However, with an import surplus of more than 40 percent and a simultaneous decline in export amounting to over seven percent, the previous margin has narrowed noticeably.

Meanwhile, the Japanese have chosen the growth market of office and information technology as the focal point for their export efforts. By increasing exports to the FRG by more than 60 percent, in 1983 more than half of all Japanese equipment imports were already in office electronics. The energy with which the conglomerates, supported by a productive semiconductor industry, roll up entire markets has been demonstrated in the past with calculators and just in the last few years with copying machines.

But these products touched more on the periphery of the integrated office systems which have resulted from the merger of data technology and telecommunications. With desktop computers and intelligent typewriters the Japanese are now going after the actual key products of the office infrastructure of tomorrow, however. It is estimated by European competitors that the production capacity for electronic typewriters alone, which sprouted overnight in Japan, will aim for a production of 1.2 million units and thus, at full capacity, meet the entire world demand.

Even today it is foreseeable that this production can only be offset by means of a worldwide all-out price war. Powerful major enterprises such as Canon, Toshiba, Rico or Minolta are taking into account that they may possibly have to do without any kind of profit for years on end.

The extent to which the Japanese industry has already become acceptable as an outfitter of German offices can be seen primarily in the fact that the Federal Post Office has already installed telefax equipment by Nippon Electric (NEC) and Fujitsu for their customers.

If the German machine-building industry is to maintain its position, still strong today, it must above all overcome its structural weaknesses. These weaknesses are not to be found in a lack of creativity. According to Japan expert Zimmermann, "the Japanese have hardly brought out any new products; their creative innovation is low." On the other hand, they surpass many German enterprises in rapid realization of product improvements. "For redesigning an offset printing machine, which would take 2 years here, the Japanese need precisely 8 months," reports Carl-Heinz Illies.

Another handicap for many German producers is a marketing system that is only weakly developed. Price and production capabilities are often insufficiently adjusted to the needs of the user; perfection ranks ahead of customer-friendly technology. However, one disadvantage in the competition with their Far Eastern challengers could scarcely be compensated for by office and factory suppliers in the FRG: "The cost level over there," says Leibinger, a producer for the Japanese market, "lies clearly below our level."

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## NATIONAL EMPLOYERS' COUNCIL CHAIRMAN ON INDUSTRIAL REFORM

Paris LES ECHOS in French 11 Apr 84 p 3

[Article: "Gattaz Launches a Dual Offensive"]

[Text] "We must shift from the defensive through austerity to the offensive through recovery," Mr Yvon Gattaz, chairman of the CNPF [National Council of French Employers] stated yesterday. While rigor remains a must, the avowed objective is to extend to France the benefit of the recovery which is manifesting itself in other industrialized countries, to get the country out of the "languid state" in which it finds itself.

Eager to "revive the economy with a start," Mr Yvon Gattaz presented the conditions for a "sound and progressive recovery" essentially based on investment and leading to "a powerful wave of hiring."

To achieve this dual objective, the CNPF recommends:

- a fiscal reform to release investment. Employers ask the government to approve, already this year, a tax deduction "for additional investments made," to remove in stages taxation on profits reinvested in the enterprise, and to abolish the professional tax for good.
- an immediate mobilization for employment, making possible each year the creation of 300,000 alternate trainees' positions for the young, by reforming the 1982 regulations "radically and definitively," by relieving enterprises of the burden of social regulations for any new hirings, and by improving employment flexibility.

Mr Gattaz expressed his absolute faith that these measures will bring results and prove effective.

## Investment Incentives

[Nicolas Beytout: "Less Taxation, More Investments"]

Should we play the little game of comparing opposites? Or should we again wonder at the similarity existing between Mr Francois Mitterrand's language and that of the CNPF chairman, at least as far as major economic options are concerned? The fact is that the urgent need to stimulate investments and thus achieve a durable economic recovery in France is a major concern of both men. The former, the chief of state, mentioned the indispensable "elan of entrepreneurs," and his decision to choose "growth through productive investment." The latter, Mr Yvon Gattaz, mentioned "recovery through investment, the only possible recovery nowadays."

Yet, the game stops there. Monopolized, "obsessed" as employers will say, by restructuring and the situation in Lorraine, Mr Francois Mitterrand does not plan to adopt any immediate measure to whip up investments. As a result, the CNPF chairman who, like a certain girl [Sister Anne in the Malbrough song], is still on the lookout for something that will not come, decided to speak up and recommended several pep pills that would at last encourage employers to start investing again. The three stimulants recommended would be of unequal effectiveness, but all are based on a profound reform of the tax system which, according to Mr Gattaz, instead of providing incentives "kills motivation, is repressive and the most backward in the world."

The first and foremost measure recommended is the definitive abolition of the professional tax. This is certainly nothing new. What is new, according to the CNPF chairman, is that nowadays "it is technically feasible and that, therefore, it is a political decision." Although Mr Gattaz relies on the very critical attitude displayed by the president of the Republic toward this tax, he declined to disclose how the 66 billion francs which the professional tax brings in could be replaced without reviving inflation (it could be through the value-added tax, for instance).

## Progressive Measures

The second measure recommended to the government is to approve "already this year, a tax deduction for the investment differentials achieved," because the economy cannot wait until the implementation of the 1985 Budget. The last recommendation has to do with the progressive abolition of the tax on profits reinvested in the enterprise.

This series of measures, whose effectiveness has been proven in other industrialized countries, could still endanger our economy. A vigorous revival of investments would certainly not benefit only the French market and could result in a negative foreign trade balance. Coming in addition to an attenuation of the effects of rigor, to a relaxation of the "defensive through austerity" for which Mr Yvon Gattaz is calling, it might have considerable perverse effects if it were applied too suddenly.

What would be expected from the government, therefore, would be to apply progressively, with discrimination and moderation, measures that several

of our foreign partners--whose recovery has now begun--have not failed to implement.

#### Incentives to Hiring

[Jerome Faure: "Less Taxation, More Jobs"]

To warnings on the situation of enterprises, Mr Yvon Gattaz added yesterday warnings resulting from the observation of social life. As others have already done, the employers' council expressed its feeling that the present situation, which is essentially marked by a rise in unemployment, could lead to a tearing of the social fabric, the aftereffects of which would be such as to "bring to naught all the efforts already made."

The same desire to check "the destructive effect of unemployment" underlies all the recommendations made yesterday by the CNPF chairman. Whereas Mr Gattaz's statements expressed again the idea that is dear to him, that it will take specific measures in favor of private enterprises to create sufficient momentum to lead to the creation of permanent jobs, we should still note that in the new formulation of some of his claims, the CNPF chairman is giving up an approach that was sometimes judged too corporative in favor of a logic of the general interest.

#### "Dual-Taxation Employment"

It is indeed in this perspective that we should view all the recommendations made in favor of the creation of "new jobs subject to lesser constraints." Between what is desirable and what is possible, the CNPF has chosen the latter, asking the government as well as the unions to approve the removal of all constraints which are an obstacle to new hirings, especially in small and medium-size enterprises. These administrative, financial and social constraints lead to psychological blocks which, according to Mr Gattaz, can be removed only by passing laws and regulations abolishing existing obstacles.

By limiting this constraint removal to new hirings, the CNPF is challenging the government. Yet, we may regret that this political challenge is lacking technical arguments. To speak of "the neutralization of personnel increases," to define what exemptions they would be entitled to, to stress that these measures are both exceptional and temporary, that will not be enough to carry the support of all political and social partners, as they may fear the emergence of "dual-taxation employment."

It is true that, for the latter, the forthcoming start of negotiations on flexible employment will be the occasion for an exchange of views during which the CNPF chairman hopes the unions "will not weigh the theory of definitively and irreversibly acquired rights against the higher and immediate interest of the unemployed." An interest which Mr Gattaz assesses at 400,000 hirings within a short time should the constraints be lifted.

To that figure should be added the number of jobs resulting from the implementation of an effective youth-employment program. Which the Rigout



program is not, and Mr Gattaz pointed to its failure: only 26,000 young benefited from government-organized training periods, compared with 140,000 under the previous pacts for employment.

Finally, to achieve this mobilization against unemployment, Mr Gattaz also called for the "repeal" of the 1982 regulations. But not all unions are ready to agree to that much flexibility.

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CSO: 3519/339

## FINANCE MINISTRY REPORT SEES CONTINUED STRONG GROWTH IN 1985

Oslo AFTENPOSTEN in Norwegian 12 May 84 p 5

[Article by Morten Abel, Thomas Knutzen and Bjorn H. Tretvoll: "Strict Demands on the Economy in 1985"]

[Excerpts] Business improvement in Norway will continue through 1984, and in 1985 we should be in a phase in which the improvement has greater breadth, according to the revised national budget from the Ministry of Finance, which goes into greater detail than usual in dealing with developments one year in the future. At the same time as the government presented its judgments of the economic situation for the rest of the year, a recommendation was also made for adjustment of the municipal class deductions, which in reality is a precursor of the tax measures of 1985.

An adjustment of five percent can be interpreted as an indication of an estimate of price increases of about five percent from 1984-1985. That would be a decline from the price increases of this year, but still not enough until we are down at the same level as our most important trading partners.

In the revised national budget it states again that in the Norwegian economy we are working with a price and cost problem, but the international business upswing enables us nevertheless to have stronger economic growth than was expected last fall when the economic situation for this year was predicted.

In that document, which was published yesterday, it said that the assumption that we would get more lasting growth is based on mastering price and cost development in Norway. And the development of the economy in 1985 depends on successful economic conditions for the current year and next year.

The Ministry of Finance expects that the international upswing will continue in 1985, and that the growth of the GNP of our most important trading partners will be about 2.5 percent next year. In the same countries they expect price increases of at least 4 percent, it says.

In the description of the challenges of 1985 and a statement of the goals of the economic policies for next year, it is stated that the intention is for continued reduction of taxes. As previously, the government believes that will contribute to a reasonable increase in spendable real income with lower increases in income, and thereby give better competitive ability. The goal for 1985 is also unchanged purchasing power, with price increases of about 5 percent and tax reductions for the current year of probably about 4 percent, which is considered a fair framework for wage increases from 1984 to 1985. That makes it important for the government that wage increases come down toward four percent this year, so that the increase in 1985 will not be too great.

In the revised national budget the government increases the estimate of growth of the Norwegian economy. While as late as December it was expected that the GNP for our traditional sectors "on the mainland" would grow only by about 1.75 percent, now it is estimated that the growth will be 2.25 percent.

It is expected that the growth in industrial production will be about 1.5 percent, twice as much growth as was expected in December. The estimates for industrial investment have been adjusted upward to about 10 percent from only 2 percent.

But not all upward adjustments are that favorable, as seen by the Ministry of Finance. As a result of tariff increases, the price increase estimate is adjusted upward to 6.5 percent, and that indicates also that the pay increases from 1982 to 1983 have been greater than previously expected.

That caused spendable real income in 1983 to rise by about 1.5 percent, instead of going down by the same amount, which was previously estimated.

The latest estimates by the Ministry of Finance show that Norwegian industry improved its competitive ability, which is measured by relative wage costs per produced unit, by about 1.5 percent from 1982 to 1983. That was less than estimated in the krone exchange adjustments in the fall of 1982, and shows that the wage increases last year were greater than was originally calculated.

With a pay increase of 5.9 percent, which the Iron and Metal settlement has as its framework, the competitive ability of Norwegian industry could decline again this year. The starting point was that pay adjustments of 1984 will not be greater than four percent, which will be a clear decline from the adjustment of the previous year.

#### Technology Gives a Plus

The surplus in Norway's foreign accounts will be fully 16 billion kroner in 1984, and the growth in the GNP will be about 2 percent.

Those estimates are now published in the revised national budget, and they are dramatic increases from previous estimates. There is a new bookkeeping,

however, behind the improvements, which means that there will no longer be a downward adjustment of oil income. For these figures, the previous safety margins which were inserted for planning purposes have been omitted. As to estimates of national tax income, however, the safety margins are retained, even if the percentages are changed somewhat.

It was in 1978 that the then government introduced the system of putting a safety margin in the oil figures, after several years of overestimating the value of production in the North Sea. Because more fields have continued to come through the development phase, and production has become more stable, the figures have become more certain. There still, however, are price and rate of exchange assumptions, which are just as uncertain as before. Therefore it has been decided to continue with downward adjustments of tax income, while the more realistic estimates of GNP and foreign accounts are given in figures which are the best available estimates. The revised national budget contains an unchanged price for oil and a dollar rate of exchange of 7.30 kroner as an average for the entire year. Production is expected to grow by only 2.9 percent.

#### Measures Cause Decline of Interest Rates

The government's latest credit measures contain new steps in the direction of a more market-oriented credit policy. Although it should be easier to get political acceptance for such measures in a situation with falling interest rates, the government is moving much more carefully in this action than recommended by Norges Bank.

Amounts loaned out by private banks in April, which will be published soon, will probably show significant growth. The commercial banks will probably show a clear surpassing of the new framework which was drawn up in the revised national budget. These figures will therefore give the first serious signals about how the new policy will be carried out in practice.

Even though the decline of interest rates in this case is relatively modest, the authorities can now show that the interest on long term state obligations is 1.5 percentage points lower than in the beginning of 1983. The decline has made possible an approximately corresponding reduction in interest rates for long term business investment loans.

The statement that Norges Bank now wants to hold the interest on the short term money market to between 12.5 and 13 percent also includes reduction in the interest rate on that market. That should in turn be the basis for a corresponding reduction of the bank interest on lines of credit and other forms of operating loans for business. Also interest on special deposits will probably decline.

The framework of commercial and savings bank loans in the current year is actually adjusted upward by 3 billion kroner. With the very strong growth

of loans made by the banks in January, it can also prove to be difficult to maintain this framework on an annual basis. The largest loan increase in January was due to the transfer of loans from the unregulated market, the so-called gray market, to the banks.

In bank circles, therefore, they look forward with a certain anxiety to how the authorities will follow up the signals to place greater emphasis on the total liquidity supply as an administrative goal. Norges Bank has spoken up clearly for putting the main emphasis on the liquidity development, and believes that market-oriented instruments should be used in credit policy.

AFTENPOSTEN has learned that it is expected that the growth of loans from the commercial banks in April was a couple of billion kroner higher than the new framework promises. The reaction of the authorities will therefore give an important indication of how the credit policy will be carried out in practice throughout the year. The excess of loans in January led rapidly to demands for higher primary reserves.

Both the Norwegian Bank Association and the Savings Bank Association in Norway are satisfied that the government is now moving away from the detailed regulating of the credit market and will place greater emphasis on using market-oriented instruments. The Bank Association expects that the banks will immediately reduce interest rates on short term loans to business.

The possibilities for continued interest rate reductions are difficult to evaluate. Even if the growth of loans this year is somewhat above the fixed framework, the tentative figures on the total liquidity supply are developing approximately as predicted.

Several signs indicate a somewhat weaker demand for credit from business, but it appears that the demand for credit from private individuals continues to remain high. A decline in interest for loans to private individuals is therefore not probable. The situation on the credit market is largely marked by a return to more normal conditions after a long period of comprehensive and detailed regulation which has led credit down less traditional paths. The transfer seen from the gray market to the banks is the main reason why the government now has removed the regulation of guarantees for loans in the gray market.

Certain signs of stagnation in the demand for credit from business appear to be leading to increasing competition between banks loaning out money. This can possibly also contribute to forcing interest rates down somewhat.

The government warns for 1985 that there will be a financial policy which can make a lighter credit policy possible. If a continued decline in the rate of price increases is successfully attained, that would create possibilities for further reductions in Norwegian interest rates.

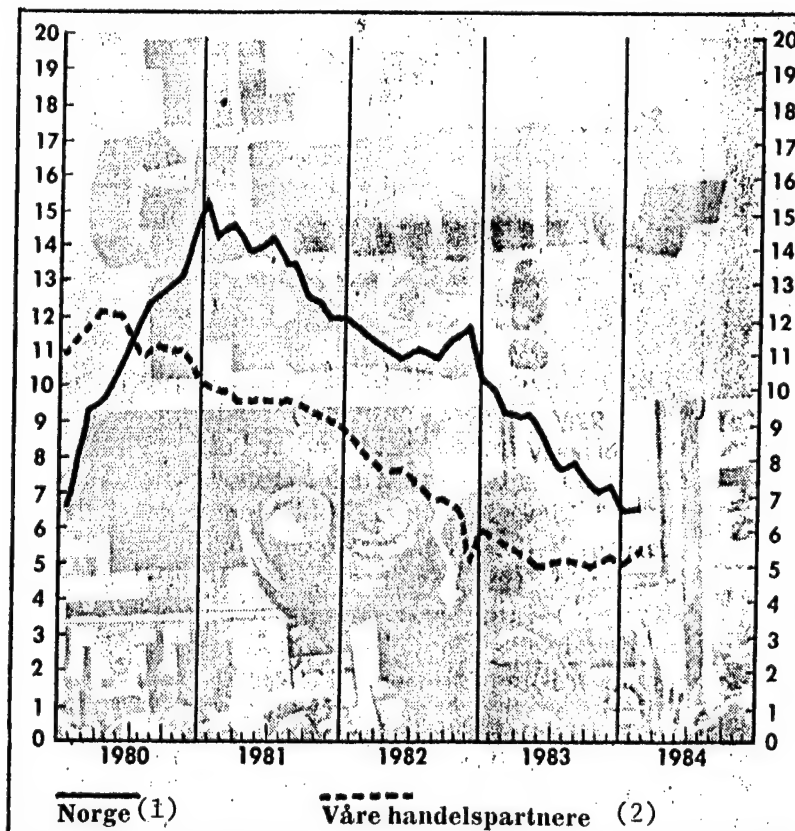
For the time being the government will not eliminate regulating the sale of obligations by credit ventures.

### Three of Four Major Banks Reduce Interest Rates

Interest rate reductions for business of between one-half and three-quarters percent, but no reductions for individual customers, is the result of the interest rates action by the authorities. The authorities have stated that it is business which will be taken care of this time, and that is being followed up by the banks. Both Kreditkassen and Bergens Bank adopted new interest rates yesterday, while Norske Creditbank decided to sit the situation out until next week.

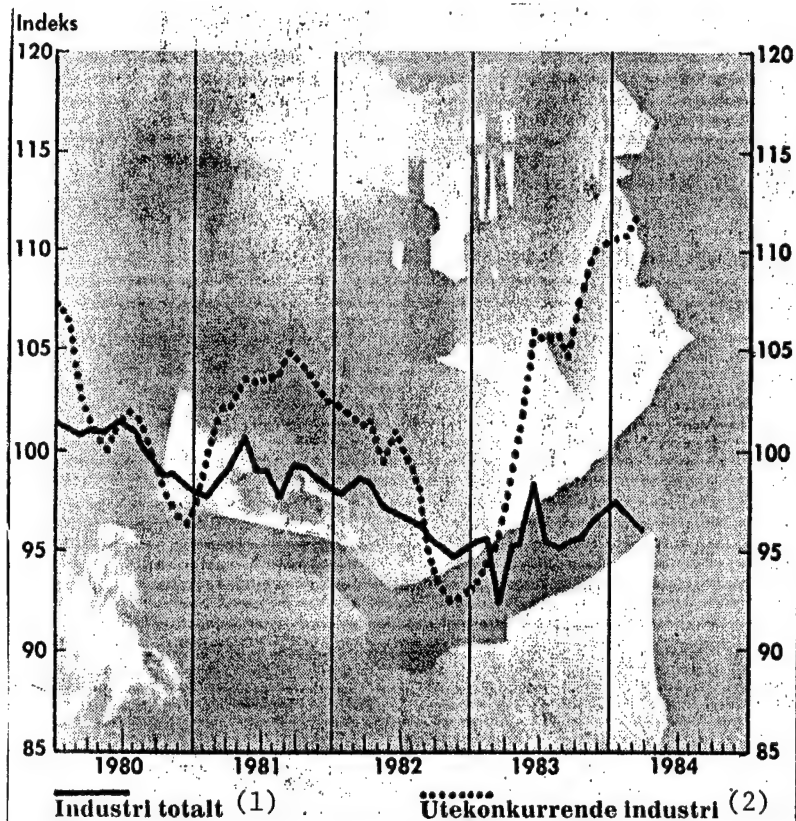
Today it is only the state which offers obligation loans at fixed interest. For loans with adjustable interest it is the judgment of Bergens Bank that interest should go down one-eighth percent. A loan that Bergens Bank is working on for Statoil will now be made at 12 and 1/2 instead of 12 and 5/8.

In banking circles they are especially pleased that this interest rate reduction was carried out without any interest statement from the finance minister or directives to the banks.



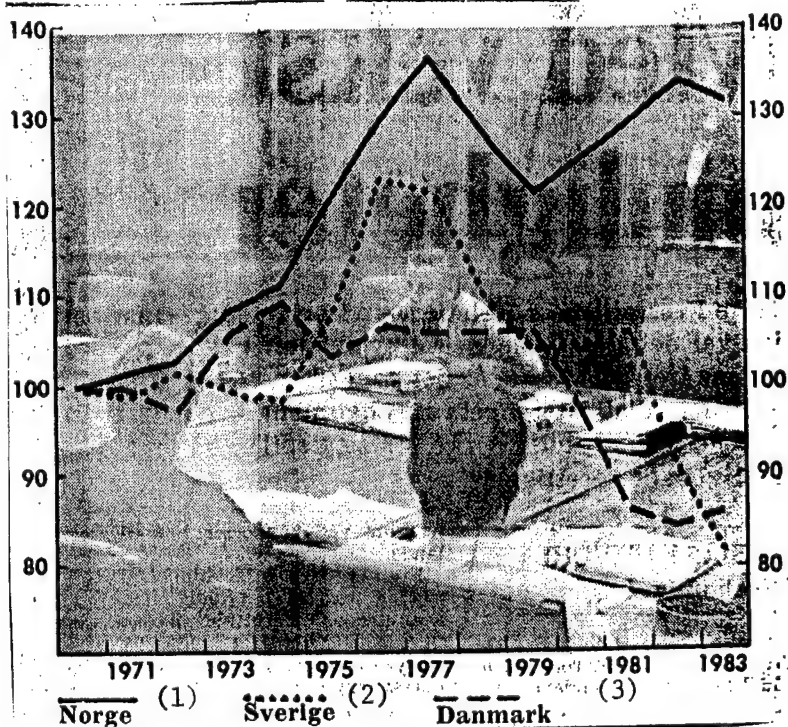
Caption: Price Increases. Consumer prices in Norway and those of our trading partners. Percentage changes from corresponding month the year before.

Key: (1) Norway  
(2) Our trading partners



Caption: Industrial Production. Production index for industry in Norway. seasonally corrected. Three months moving average. 1980 = 100

Key: (1) Total industry  
(2) Industries competing abroad



Caption: Competitive Ability. Relative wage costs per production unit in industry in common currency. 1970 = 100

Key: (1) Norway  
(2) Sweden  
(3) Denmark

## OIL PROFITS INCREASINGLY BENEFITING GOVERNMENT, ONSHORE ECONOMY

Oslo AFTENPOSTEN in Norwegian 16 May 84 p 3

[Article by Odd Inge Skjaevesland: "More Oil Money Is Used in Norway"]

[Text] Steadily more oil money is being used onshore. Ola Nordmann in 1984 will use 25 billion kroner, which would not have existed without Norwegian oil activity. The money goes to municipalities and counties, farmers and fishermen, Norwegian industry and--most of all, taxpayers. In 1973, for example, Norwegian industry received a half billion kroner in state support. Last year that was increased to over 4 billion. More oil money is being sought for employment and counties and municipalities. But one point in this debate is that the transfers are steadily increasing.

During the past 10 years the state's income from oil taxes has increased. In the same period private individuals have, on the average, not paid more taxes. At the same time state expenses have grown greatly. This has benefited individuals and groups.

#### Farmers and Fishermen

One example is the farmers. Their income comes partly from the sale of products and partly directly as support through the national budget. Thanks to oil income, it is possible for the farmer to get more for a liter of milk than the dairy sells it for. The state pays the difference. This income makes it possible for the farmer to buy more tractors and invest in farm buildings.

It is similar for the fishermen. They get more for the fish than they are worth when they are sold on the international market. The oil income of the state also participates here.

#### Shipowners

Shipbuilders are among those who gain through the increase in the transfers to industry and mining. When Norwegian shipowners buy a ship from a Norwegian shipyard, they borrow the money from, for example, a ship financing



institute. In this way the state pays a part of the interest on this loan. Such activity would be limited without oil income.

Another example is the ironworks at Mo i Rana. It operates at a deficit, which is covered by the state. The cause of the deficit is indebtedness, and that it is more expensive to produce iron goods than the price that is paid for them. The state pays a part of the wages, interest and material costs.

#### Pensioners

Also many private individuals would experience a marked worsening if the oil income suddenly ended. From 1974 until today the pensioners and all types of entitlement recipients have had their share of the GNP increased from 9.8 to 14 percent. In the same 10-year period the transfer to the country's municipalities has grown from 5.7 percent to 7.7 percent. That means that more municipal tasks within the health and social services sector are economically possible.

#### Increased Social Security

From 1973 to 1982 social security expenses increased by almost 18.5 billion. Norwegians now get three times as much in support when they are sick as before the oil activity began in the North Sea. Pensioners received 17 billion in 1982 compared with 10 billion 10 years ago. Social security purposes cost 15 billion more today. Within working life today social security pays over five times as much as it did then.

#### Inexpensive Abroad

It is simpler for the state to borrow money from national banks. Previously these funds had to be borrowed abroad. Now on the other hand we can pay back foreign debts. At the end of this year Norwegian firms and banks will have one or two billion remaining to pay back.

Freedom to trade in the foreign economy is growing. That means, for example, that Norges Bank can, to a much greater extent than a few years ago, influence how high the Norwegian krone can go in foreign exchange. That causes it to be cheaper for Norwegians to deal abroad, and at the same time inflation here at home is less.

#### Reserve

But above all a strong foreign economy means that Norway has something in reserve, if there should be more difficult times for Norwegian oil activity. "In a little country like Norway we must learn that uncertainty is enormous," said the economic counselor to the minister of finance, Hans Henrik Ramm.

Among others, the national directors of the Socialist-Left Party demand that more oil money be used onshore, because the surplus in the national budget is greater than expected.

There is a certain danger that in several years the oil income will be less than it is now. With a declining rate of dollar exchange and a lower price for the oil that we sell, the surplus will disappear. Then it will pay to have money in the bank--for the sake of the country, in Norges Bank.

"It is most probable that the oil income will decline in the coming years. Then it will certainly go up again later. But the variations will be so great that we must have something set aside to fill the holes," said Hans Henrik Ramm.

9287

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## BRIEFS

LARGE TRADE SURPLUS REGISTERED--Norway's export surplus was nearly 15 billion kroner during the first 4 months of the year, according to preliminary figures from the Central Statistical Bureau. It is the export figures which especially show a strong increase from the same period last year. In April total imports, except for ships and oil platforms, came to about 7.5 billion kroner, an increase of 12.8 percent from the same month last year. Exports, still not including ships and oil platforms, were fully 11.2 billion, an increase of 4.6 percent. Export of oil and gas in April was about 6.2 billion kroner, an increase over April of last year of 3.5 percent. So far this year imports amount to about 33 billion kroner, while exports are about 47.9 billion kroner. Export has thereby increased by 19 percent, while import has increased by 13.4 percent. Excluding oil, we had during the first 4 months an import surplus of fully 11 billion kroner, which is an increase of 7.2 percent from the same period last year. [Text] [Oslo AFTENPOSTEN in Norwegian 16 May 84 n 401 0287]

DECLINE IN INFLATION GROWTH--Prices increased by 0.4 percent from March to April this year. In comparison, prices increased by 1.1 percent in the month before, according to the consumer price index of the Central Statistical Bureau. The rate of price increases for the year is 6.6 percent, which is below that which so far has been assumed in the wage negotiations. This rate is also below that which the Aukrust Committee has estimated for the year--six to seven percent. [Text] [Oslo AFTENPOSTEN in Norwegian 12 May 84 p 5] 9287

CSO: 3639/110

## FIRST JOINT CORPORATION WITH HUNGARY ESTABLISHED

## Details on New Company

Lisbon O JORNAL (Export Supplement) in Portuguese 27 Jan 84 p 1

[Interview with Americo Amorim, president of Amorim & Irmaos, Lda. (Amorim Brothers, Inc.); date and place not given]

[Text] The first mixed Portuguese-Hungarian firm was established on the 11th of this month in Budapest, representing a merger of the Portuguese enterprise Amorim & Irmaos with two businesses in Hungary, Pincegazdasag and Lignimpex. Portugal will be the main supplier of the new firm. The Portuguese enterprise, one of the most reputable in the country in the cork bark industry, plans, on the basis of its lengthy experience in the branch, to modernize and adapt the existing factory in Hungary, increasing its productive capacity while at the same time creating a compressed cork sector, using scraps of the raw material, for various purposes. The quality of the final product--cork stoppers--will be assured by the permanent and practical assignment of a director and a Portuguese technician in that country. The creation of this first mixed enterprise to operate on a market which is traditionally Portuguese, since about 2.5 million dollars worth of cork products are purchased from Portugal annually, will contribute to providing a greater incentive and energy to Portuguese export volume. In an interview granted to O JORNAL, the president of Amorim & Irmaos, Lda., Americo Amorim, analyzed the effects and the advantages of the establishment of this firm, known in Hungary as Kark-Amorim.

O JORNAL: This is a mixed Portuguese-Hungarian enterprise. Why Hungary?

Americo Amorim: It could have been any other country, because we have a very broad concept of economic internationalization. But Hungary was chosen. This is a choice which reflects the result of long years of intensive work together. On the other hand, among the various countries in the CEMA area with which we work, it was in Hungary that the idea we had already nurtured for a long time was best received, and this was the country which proceeded most dynamically with the negotiations which had to be undertaken.

[Question] The idea of establishing a mixed enterprise with an Eastern country does however date back some time?

[Answer] For more than 20 years the Amorim & Irmaos company has been in commercial contact with Hungary. Portugal is the leading cork-producing country. The responsibility for dynamizing and utilizing new cork technology falls to it. Hungary is a country which has traditionally purchased cork from Portugal. Hungary has wines, an industry and an economy. Amorim & Irmaos believed it should provide technical support to the Hungarian industry in this sector, rationalizing it, introducing new technological methods, contributing to consolidating the existing structure and to improving the quality of the product. All of this was based on the talks which led to the establishment of the new mixed enterprise.

[Question] What benefits will the Portuguese economy derive from this undertaking.

[Answer] The benefits will be immense. It is even difficult to set an economic value on these benefits, because they will achieve extraordinary scope in the years to come.

[Question] Can you be more specific?

[Answer] For example, Hungary usually produces 2.5 million dollars worth of cork from Portugal. With the modernization and adaptation of the Hungarian industry we propose to carry out, its production capacity will be increased, which will mean that sales to that country will also increase. As Portugal is its traditional supplier, our cork sector will benefit from this. On the other hand, there are definite indications that this undertaking, which is unprecedented for Portugal, will have very positive repercussions in other socialist countries, and very probably other mixed enterprises will be established.

[Question] In the cork sector?

[Answer] Yes, in the cork sector, but covering various areas. I am thinking first of all of bottle corks. Among the socialist bloc countries, there are some which produce excellent wines and export them. And the tendency is toward ever-greater exports. They need a good response from us in the technology for bottle corks, of which they need large quantities. But there are other areas in which our technology can be of great usefulness. I am thinking of insulation. The constant increases in oil prices and the instability which has developed in this sector have made it practically impossible to use plastic for many kinds of work. Cork is a positive solution. It is a question of a product traditionally used as insulation, it is decorative, and it has the advantage of a more accessible price than those of the synthetic products which have become uncontrollable due to the constant variations in oil prices.

[Question] You say that cork is decorative. Do you believe it could also be used by the socialist countries in decorative and civil construction work?

[Answer] Inevitably. This is another aspect it is important to note. But I think that we must pursue an important effort locally to demonstrate the qualities of cork to construction technicians. And once we are participants in the industry there as such, it seems to me we have a great opportunity to carry this message to the socialist countries. The conditions needed for dialogue are of the best and I am persuaded that if we are able to take advantage of this opportunity, the prospects for the next 10 years are most satisfying.

#### Beyond Political Quarrels

[Question] Does this mean that the conditions for such a dialogue have only developed now?

[Answer] Well, the market with the Eastern countries has existed for many years. Portugal has been selling cork to the socialist countries for a long time. Prior to the establishment of diplomatic relations, there was a trade agreement between the Bank of Portugal and the central banks in the eastern countries. Beginning in 1974, or more accurately since the establishment of diplomatic relations between Portugal and the Eastern countries, a step forward was taken in trade relations, because the more open approach noted led to a better understanding of the situation and the establishment of more direct and frequent talks with the resultant mutual benefits.

[Question] Whose idea was this mixed enterprise?

[Answer] The idea came from Amorim & Irmaos. Now we will dynamize and modernize the Hungarian industry, adapting it to the domestic market needs. At the outset, we benefit from our knowledge of the market and of the various individuals involved in it. These factors and the knowledge we have of the product with which we work provide us with a guarantee that the enterprise will be a certain success.

[Question] Are there any motivations underlying this project other than these?

[Answer] Obviously there are. Intensifying its activity, expanding the field of action, exporting and selling--these are the main functions of any enterprise, whatever the ideology of the areas in which it must function. The economies of peoples must stand above all of these things, having nothing to do with the political prophecies or economic message, but rather with economic intercommunication, which must rise above the level of political quarrels.

#### Trade Balance With Hungary

Lisbon O JORNAL (Export Supplement) in Portuguese 27 Jan 84 p 2

[Text] The Portugese-Hungarian trade balance has always favored our country, specifically since the signing of an agreement on trade exchange and economic, industrial and technical cooperation in 1975.

For some years, Portuguese exports were limited to just one product, cork, but following the signing of these agreements, there was a trend toward greater diversification.

In 1977, ordinary wines ranked first among our domestic products sold to Hungary, but in the next 2 years, cork and its by-products moved back to first place.

Currently, in addition to the excellent potential for exporting some ore products, there is also a good likelihood that typewriters, canned fish and cutlery can be placed on the Hungarian market.

Textile fibers and metallurgical products lead the list of Portuguese imports.

The development of trade between Portugal and Hungary is shown in the following table.

(1)	(2)	(3)		(6)		(7)	(8)
ANOS	Volume de trocas (1000 Esc.)	Exportações		Importações		Saldo (1000 Esc.)	Cobertura (%)
		(4) Ton.	(5) 1000 Esc.	(4) Ton.	(5) 1000 Esc.		
1970	18 347	935	13 305	343	5 042	+ 8 263	263,9
1971	21 603	770	19 593	72	2 010	+ 17 583	974,8
1972	24 077	1 285	20 643	166	3 434	+ 17 209	601,1
1973	30 933	979	21 216	713	9 717	+ 11 499	218,3
1974	70 385	1 497	40 902	1 562	29 483	+ 11 419	138,7
1975	62 188	1 396	48 119	465	14 069	+ 34 050	342,0
1976	112 629	2 833	85 783	1 078	26 846	+ 58 937	319,5
1977	251 791	12 382	191 777	3 008	60 014	+131 763	319,6
1978	198 067	1 742	160 850	978	37 217	+123 633	432,2
1979	438 364	3 965	280 978	3 940	157 386	+123 592	179,0
1980	394 710	6 247	281 675	1 598	113 035	+168 640	249,0
1981	485 042	3 518	300 493	2 229	184 549	+115 944	162,8
1982*	494 382	2 041	315 041	2 479	179 341	+135 700	175,7

Key:

- |   |                            |
|---|----------------------------|
| 1. Year   | 5. In thousands of escudos |
| 2. Volume of Exchange (in thousands of escudos) | 6. Imports                 |
| 3. Exports                                      | 7. Balance                 |
| 4. Tons   | 8. Overall percentage      |

CSO: 3542/33

## ULAGAY REFLECTS ECONOMISTS VIEWS ON OZAL ECONOMY

Istanbul CUMHURİYET in Turkish 30 Apr 84 p 9

[Article by Osman Ulagay]

[Text] The Ninth Economists Week organised by The Graduates Association of Istanbul University Faculty of Economics became the center stage of an interesting development: the economists - like the engineers, politicians, former politicians and businessmen before them - found occasion to talk some economics. They were thus reminded of the fact that there are other subjects in the agenda of economic discussions besides 'chiquita' bananas, the sale of the Bosphorus bridge, beer advertisements, and also that savings and bank deposits are not necessarily the same thing.

While the theme of the Week was 'passage to market economy' most of the questions and the most intense discussions during the three-day period were focused upon the direction and pace of the economic policies of the Ozal government, i.e. where will they take Turkey in what length of time. Although Hon. Ozal had exhibited his usual optimism and determination in his opening speech, those who examined the issues somewhat more closely did not refrain from voicing their misgivings even at the cost of being branded as 'prophets of doom'.

For instance, the comprehensive paper presented by Assoc. Prof. Dr. Taner Berksoy questioned the extent to which the Ozal programme managed to attain its own stated objectives, concluding that the attainment of the programme's three main objectives appears very doubtful due to structural causes. In Berksoy's view, the structural features of the Turkish economy make it highly unlikely that (1) inflation could be lowered below the 25-30 percent range; (2) exports, which presently constitute 10 percent of the GNP, could be raised to 12 percent of the GNP; (3) the private sector's share in the economy could be raised while its share in investments is falling. Berksoy was pointing out that the Ozal administration would soon be looking for a 'new stimulant' in order to sustain its programme which shows indications of structural bottlenecks, and that the new stimulant could be external borrowing which might have worrisome consequences.



Among those who share Berksoy's misgivings was an experienced former finance minister, Hon. Kemal Kurdas, who had been issuing various warnings about the 'external debt trap' for the last fifteen years. Criticizing the reinstatement of the exchange rate guarantee, Kurdas drew attention to the danger that the government, which will be facing many difficulties ahead, might resort to short-term external borrowing as a sort of lifesaver, adding that, "since political conditions are developing unfavorably too, those fellows might well tie us hand and foot through our borrowing, just as they did in the aftermath of the Cyprus affair."

The policy of pinning hopes on external funding for development has been criticized also by some career economists, who no longer hold positions at the university due to the Higher Education Council, like Prof. Onur Kumbaracibasi reportedly voicing the views of SODEP, Prof. Aydin Gurkan, secretary-general of the Populist Party, and Prof. Asaf Savas Akat. Gurkan drew attention to the drawbacks of pinning hopes on foreign capital - a policy premised upon the existence of cheap labor, while Akat dwelled upon the importance of increasing domestic savings.

The one option other than pinning hopes on external sources meant facing the prospect of a comprehensive structural change in the country's economy. As it happens, the Ozal team often use the term 'structural change' and even claim that it is already under way. Presumably, that is why the 24 Jan 80 measures, originally presented as a 'stabilization program', have been maintained for so long, albeit with modifications. Apparently, all this had been a somewhat haphazard experimentation with 'structural change'. Meanwhile, it appears that not much thought is being given to the resilience of the existing economic structure, its powers of self-preservation. And apparently it has been the assumption all along that structural change would be brought about, on the one hand, by means of tight money, high interest, and gradual liberalization policies, which would put a lid on the domestic market and the inflation, and by means of the survival of the fittest philosophy, on the other.

Hon. Ozal, cut short in this experiment because of his departure in mid-1982 in the wake of the Kastelli 'road accident', now enjoys this prerogative. If he tightens the money supply further, as he says he would, and does not lend a helping hand to anyone including the banks, he will soon see that the 'demolition' stage of structural change would have gained momentum. This will bring to the agenda, at least during the initial stages, the problem of rising unemployment, and the ear-wrenching screams of business owners suffering losses.

It is no longer a secret that the policy of contracting the domestic market is putting economic pressure on wage-earners and the salaried-sector foremost, also squeezing the producer peasant. As emphasized by Assoc. Prof. Dr. Korkut Boratav and others during the Economists Week, these societal groups have probably reached the utmost limits of their sacrifice since 1980, and despite the avuncular character of Hon. Ozal, they may not wish to endure any further.

If we take the economists at their words, Ozal has his job cut out for him, and the decisions to be made at this particular juncture are important decisions. In the words of former premier Hon. Naim Talu, who was a panel chairman during the Economists Week, "unless these events are diagnosed correctly today, they may assume the status of regime problems in the days ahead."

12466  
CSO: 3554/216

## INDUSTRIAL DEVELOPMENT BANK HEAD ON EXPORT INVESTMENT

Istanbul DUNYA in Turkish 30 Apr 84 p 1

[Interview with Ozhan Eroguz, managing director of Turkish Industrial Development Bank, by Gulcin Telci; date and place not specified]

[Text] The governmental directive concerning Exchange Rate Differentials for External Credits, which does away with exchange rate differentials in terms of Turkish lira equivalents of foreign currency investment credits, is expected to open the way to a considerable revitalization of export-oriented investments - textiles in particular. Ozhan Eroguz, the managing director of Turkish Industrial Development Bank (TIDB), in answering DUNYA's questions noted that the TIDB presently has \$130 million worth of credit funds, and these funds are expected to be depleted quite soon so that they will have to go looking for fresh resources.

Noting that the uncertainty created by exchange rate differentials in foreign currency investment credits have caused considerable drop in the usage of this type of credit, Eroguz said:

"With the new opportunity created by the government the right material and psychological conditions have been created for the investor. With this positive development we should expect Turkey to embark upon new investments and renovation in many sectors which hold promise in exports - textiles in particular. As it is, we are already receiving applications. I expect that our present fund of \$130 million will no longer suffice by year's end, and we will have to look for fresh resources."

#### Exchange Risk Borne by Banks

Eroguz stated that in case the guarantees provided for foreign currency investment credits are ever lifted, or the government defaults due to the depletion of the funds, the investor will not be affected. He added:

"The directive brings clarity to this point, and offers security to the investor. Since the loans are going to be accounted in terms of their Turkish lira equivalents when the foreign currency credits are brought in, the investor will not

be affected even when the exchange rate guarantee is ever lifted. Full responsibility regarding the exchange risk of the credits will be borne by the bank which issues the credit."

The directive provides for the establishment of the Fund for Exchange Rate Differentials in External Credits, and institutes the practice of fixed interest rate, providing exchange rate guarantees for foreign currency credits used in investments. We have thus asked a few questions to Eroguz, in his capacity as the managing director of the bank which does most of the business in such credits. Our questions and Eroguz's answers are as follows:

[Question] The directive which provides exchange rate guarantees for foreign currency investment credits has been published and has become operational. As the foremost banking institution that deals with such credits what is the amount of your usable credit fund, and what is the state of demand for such credits?

[Answer] The directive has been an important step. It appears that the demand for credits will exceed our expectations. Naturally the projects have not taken final shape. Work is in progress on this score. However, many organisations have applied to us through different channels, and registered their demands.

As to the second part of your question, the bank presently holds about \$130 million in usable credits, \$100 million of which are provided by the World Bank, and the remaining \$30 million by Kreditanstalt fur Wiederaufbau which is a Federal German credit institution. We estimate that these amounts will not suffice for the expected demand, and we will have to start work in creating fresh resources during the coming period.

[Question] In which sectors do you expect investments to be concentrated? Where do you expect most action?

[Answer] If we look at periodic trends and conjunctural conditions, propensity for investment can be expected to be higher in those sectors which have export potential, or those sectors that are already engaged in exports. Under the present conjuncture we cannot expect to see sectors which have not yet created a demand for their products to engage in new investments. Therefore, the firms which will go for new investments will be those who are already engaged in exports, or expanding their export activities. Apart from this, we can expect to see an increase in the modernization and renovation of existing plants. In this context, I expect to see investments picking up especially in the textile sector, and in foods. Depending upon the functioning of the Mass Housing Fund, the opening of the housing sector may provide impetus for new investments in those industries producing inputs for that sector. In summary, we can say that there will be a revitalization of investments in those sectors that are open to exports, primarily textiles, and especially fibers, which have experienced reductions in their investments for quite some time.

[Question] In view of the expected inflation what do you foresee as the likely effect of the exchange rate guarantee?

[Answer] Though not announced officially, authoritative sources have indicated that interest rate for credits will be 26 percent. We all know the cost of credit secured from the domestic market. Interest on credits subject to the Central Bank discounts has gone up considerably. Interest rates charged by the banks have not fallen below 50 percent. When looked at from this perspective 26 percent interest on investment credits are going to prove attractive for the investor, and it has done so already. We are observing this from the number of demands that have reached us.

On top of this, the investor knowing he has secured that interest rate, will be able to calculate his cash flow for the foreseeable future. There could be one snag though, and that is the danger of interest rates falling below the fixed rate. However, I do not foresee such a development. 26 percent fixed rate should prove attractive for investors as a sound investment in itself.

[Question] At this point we would like to raise the issue of reliability and permanence. Particularly after the experiences of the past.

[Answer] The directive is quite clear on this point. In the event of the depletion of the state's fund, or the lifting of this guarantee by a political decision, the investor will not suffer any losses. That is because the credit is issued after conversion into Turkish currency. As such, in the event of the fund failing to function for whatever reason, or the discontinuation of the fixed rate, the risk will be borne completely by the banks. Banks issue the credits in terms of Turkish currency, the customer uses the credit on that basis, and the bank carries the risk that may thus ensue.

[Question] New investments are provided with this opportunity. But what about firms who are in dire straits because of previous commitments and exchange rate differentials problems? As far as we know these are excluded from the scope of the new guarantee. As the foremost institution in the area of foreign currency credits what kind of solution are you proposing?

[Answer] Let me clarify one thing. There is a widespread impression that we are the only bank that does business in foreign currency investment credits. I wish to correct this view. There are many other institutions that engage in such business. This will be apparent when I answer the second part of your question dealing with exchange rate differentials (henceforth ERDs). We are issuing 50 percent of the total credits.

As to the firms in dire straits, it is difficult to attribute a firm's problems directly to ERDs. There are quite a number of investor firms in difficulties which have been adversely affected by ERDs. As it happens, we have implemented a consolidation program with regard to these. We have coordinated a consolidation program for firms which have secured credits from various sources, encompassing the years 1981, 82 and 83. Within that period we have provided TL32 billion worth of support for these firms. This support has not been conceived as direct payment of the ERDs. We have provided support worth TL32 billion

for ERDs that had accumulated between the date credit was received and the lifting of the ERD guarantee. We have thus provided a solution to the problems of those firms.

The directive does not bring anything new for these firms and investments. ERD guarantee is extended only to new investments.

[Question] Which factors do you see as revitalizing investments?

[Answer] Investments are primarily dependent upon the psychological condition of the entrepreneur. With the government directive, the right psychological environment has been created to a sufficient degree. Looking at the demands that have been reaching us, it is possible to observe that the propensity to invest has received a boost in a noticeable way. The newly introduced guarantee is also an important factor. If we consider the level of domestic interest rates, the rate under question (which by all accounts appear to be 26 percent) is a figure which is sure to give a boost to investments. In addition, Turkey has experienced considerable stagnation in private sector investments during the past three years. With the new arrangement, we will be seeing renovation and capacity increases taking place, at the very least, particularly in those lines which enjoy strong domestic demand and have export potential. One can also expect to see the new investments being channeled into those sectors with strong domestic demand, and are export-oriented.

12466

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## ENDORSEMENT OF DYNAMIC FOREIGN POLICY FOR ECONOMIC WELFARE

Istanbul DUNYA in Turkish 30 Apr 84 p 1

[The editorial: 'The Economy and Foreign Policy']

[Text] The prime minister Turgut Ozal's repeated view that "foreign policy is 80 percent determined by the economy" is no longer regarded as quite off the mark. However, his upcoming visits to Islamic countries the first leg of which is to Iran, which appears consistent with that view, is creating some uneasiness in certain circles.

These uneasy circles are primarily affected by the cooling relations with the U.S., as well as with Europe. The question mark they carry in their minds is whether Turkey is burning the bridges with the Western world, cultivating its connections solely within the Islamic world. Other circles, venturing further, are underlining Ozal's 'religiousity', and refining scenarios of special mission.

It should be pointed out from the outset that cultivating commercial and economic relations with our Islamic neighbors is a normal necessity which does not call for reading between the lines. The various restrictions placed upon Turkish exports in Europe, either in the form of direct embargoes, or indirect quota limitations, only serves to increase this necessity.

The efforts to increase relations with Islamic countries, which were the recipients of nearly half of Turkey's total exports in 1982 and 1983 though dropping their share in the first quarter of 1984, should be considered as grabbing shares in world markets and consolidating them.

However, it is certain that the increasing weight of the Arab and Islamic world in Turkey's commercial relations provides Turkey with flexibility and bargaining power in its relations with the U.S. (bilateral trade between the two countries is quite low). This new factor becomes a favorable one for Turkey in trying to maintain a balance in its relations with the U.S., which have been primarily informed by Turkey's strategic location until now.

Furthermore, as pointed out earlier, Turkish orders for investment projects measured in billions of dollars are becoming important means of actualizing prime minister Ozal's adage, "foreign policy is 80 percent determined by the economy."

Turkey is adopting a rational course when exerting pressure on giant American corporations which are chasing these orders, so that one could be effective in one's dealings with the U.S. Congress over which a negative atmosphere still hangs whether it be the question of military and economic aid, or the Cyprus problem. If the United States President Reagan could write letters to the German Prime Minister Kohl complaining about unfair competition against American companies, it is not entirely off the mark for Turkey, which is after all the arena of the alleged unfair competition, to try wresting favorable outcomes for itself by using the companies motivation for self-interest.

12466

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## DOMESTIC MARKET REVITALIZATION THROUGH 'LIBERAL ETATISM'

Istanbul DUNYA in Turkish 30 Apr 84 pp 1,7

[Text] The Ozal government is making clearly discernible changes in its programme which had been premised upon the overall target of instituting a free market economy. The changes are introduced as "measures to stimulate the domestic market", in production and demand during 1984. While export-based growth will maintain its position and importance as a fundamental policy, these measures, which are expected to show their effects during the second half of 1984, will be based on the principle of state intervention in economic sectors by means of various instruments. This form of economic management is defined as "liberal etatism".

While the liberal programme of the Ozal government, originally designed to institute a free market economy, is in actual practice being turned into a programme of intervention "based on key sectors", the changes are justified in terms of the "pressures upon the delicate balance of an economy during the period of transition."

Where the Interventions Are

- The Central Bank is exerting intensive control over the deposit-credit balance of the banking system, and over the means of its regulation.
- The system which had been oriented to external sources in export financing through the shift of gravity from public sources to the banking system, is now facing tight controls over this matter.
- The "surplus" recovered through external economic transactions are being channelled to the domestic market by means of "funds" collected by the state using a certain method of taxation.
- The construction sector has been designated as the 'locomotive' sector, and policies aimed at its revitalization are under way. First of such measures has been the restriction of iron-steel exports which form an important part in overall exports.
- Next in line are measures designed to channel (or "revitalize") the production of cement and construction materials to the needs of the domestic market.

The developments of the first four months of 1984 indicate that the Central Bank credits extended to the private sector are kept below certain levels. According to weekly indicators, the Central Bank's policy of "gradual" contraction of funds transferred to the private sector has acquired something of a semi-permanent status. At the other end, the public sector-oriented credits have been raised. The Central Bank's "channeling policy", which is executed by means of monetary and credit instruments, has brought with it a mechanism for the tight control of the banking system.

#### 'Intervention for Growth'

If there is a contradiction between the two targets, i.e. aiming at 7 percent growth up to 1990 as envisioned in the Fifth Five-Year Development Plan, and installing the bases of a free market economy, efforts will be made to offset it through "harmonisation" measures. A government spokesman, stating that, "under current circumstances", the private sector would not be able to "contribute to growth on its own", maintained that the problem should be "resolved by the state", adding that "this should not be viewed as a deviation from fundamental aims." According to the spokesman, "a sustained increase in exports is dependent upon the revitalization of investments and production." The realization of this target requires that "liberal economic policies should be implemented not in a single unchanging direction, but by weaving zigzags from time to time." The government spokesman offered the following evaluation: "If economic policies are to be carried out in a consistent manner, it is inevitable that we temporarily take a step or two backwards, and that we adjust our measures, whether hard or soft, to the circumstances."

Looking at the first four months of 1984, the overall performance of the government, which professes the aim of installing a free market economy, indicates the following: Economic policy which had been informed by "classical etatist approach" until 1980 has now been modified into an approach which has adopted the overall aim of liberalism while still subscribing to an intensive state interventionism at the fundamental level. The parameters of this key policy, which has been labelled as "liberal etatism" by a high-ranking public official, will be defined by the "circumstances in which the country finds itself", according to the same official.

12466

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## IMPACT OF POWER FIRMS' AGREEMENT TO BUY NORTH SEA GAS

## Will Cost Consumers More

Copenhagen BERLINGSKE TIDENDE in Danish 3 May 84 Sect III p 1

[Article by Peter Kjelstrup: "Copenhagen's Electric Power Plants Being Rebuilt for Natural Gas Firing"]

[Text] The contract between the electric power plants and DONG [Danish Oil and Natural Gas] will cost a normal household about 100 kroner extra a year to 1991, while electric heating customers will receive an extra bill of over 300 kroner a year in order to help DONG's economy.

It will presumably be the Copenhagen power plants which are now to be rebuilt in order to be able to fire with the natural gas which the Zealand electric power plants have purchased from DONG at an overcharge. This has been reported to BERLINGSKE TIDENDE by Information Chief Finn Hasted of the Zealand electric power collaborative Elkraft.

This is due first and foremost to the fact that these plants are used fairly steadily the whole year, because of district heating customers, and therefore they are best suited for using the amounts of gas the electric power plants are more or less forced to buy. At the same time the city will avoid getting quite so much sulfur emission from the power plants as normally, and the transport of coal to these heat and power plants is more expensive and more difficult than to the remaining Zealand power plants, all of which, however, are to participate in paying the overcharge for the gas. This will take place by the establishment of a common fuel pool.

About half of the gas is to be bought by the Jutland-Funen plants, united in ELSAM [Organization for Coordination of Electric Power in Jutland and Funen]. Here, too, it will be the combined electric power and heating plants which will be chosen to be rebuilt. Such plants are located, for one thing, in Århus, Aalborg, Odense and Esbjerg.

## Three Hundred Kroner Extra

Over the period from completion of the rebuilding, which is expected to take place at the beginning of 1986, the overcharge will be almost 2,5 øre per kW,

including the value added tax. This will result in extra expense for an ordinary household of about 100 kroner per year, while a house with electric heating will typically have an additional expense of 300 to 400 kroner extra per year until the heating season begins in 1991. The agreement expires at this time.

By using the combined power and heating plants for gas firing the electric power companies will have the fewest problems in controlling electricity production as economically as possible, although it will be necessary to run with expensive electricity. Normally electric power plant associations will always let the most economical plant do the most, and, all according to how much electricity there is a need for, less economical plants are connected in, just as electricity is purchased from neighboring countries, if this is the least expensive way to procure it. This system will be totally destroyed by an expensive gas-fired plant in which gas is to be burnt under all circumstances. But since the heating customers normally decide when electricity is to be produced at power and heating plants, these problems will be less annoying if these plants are used for gas firing.

#### Industry Complains of Costs

Copenhagen BERLINGSKE TIDENDE in Danish 3 May 84 Sect III p 20

[Article by Peter Kjelstrup: "Handicrafts and Industry: Gas Agreement Is Too Expensive"]

[Text] Both the industry and handicrafts councils are dissatisfied with the electric power plants' gas agreement, which affords industry poorer competitiveness. The Industry Council believes that DONG should have renegotiated the entire gas agreement with DUC [Danish Underground Consortium]. The Industry Council predicts cost increases of 120 million kroner a year and calls the agreement rash.

Danish industry will have a bill of 120 million kroner per year for six years because of the electric power plants' agreement with DONG regarding the sale of gas at overcharge prices to the electric power plants. Industry Council Section Chief Niels Gram reported this to BERLINGSKE TIDENDE after the agreement had been entered into.

And at the same time handicraft firms and smaller industries will also receive enormous additional bills according to computations made by the Handicrafts Council, where it is being demanded that the entire gas agreement be renegotiated.

Niels Gram of the Industry Council tells BERLINGSKE TIDENDE that he is definitely not sure that there is legal authority for the contract which has been entered into, for only "necessary costs" can be counted into the price for electricity in the electricity supply legislation. And he does not find that the price for electricity concerns a regard for DONG's economy.

## Rash Agreement

The section chief tells BERLINGSKE TIDENDE that he finds the agreement to be rash because there are so many other elements which ought to be taken into consideration at the same time. Over and above the surplus amount of gas, environmental problems and industry's competitiveness ought to be discussed at the same time.

"It can still be managed, but then it is necessary to get started immediately," the section chief believes, who points at a combined assessment of factors such as: the gas sale; pollution; sulfur in oil; oil stockpiling charges which are to cover the costs of oil stockpiles far greater than what we have bound ourselves to internationally; distribution of surplus heat; and the sale of excess heat from industry.

## "Voluntary" Agreement

"Lots of conditions which we ourselves control and which have an influence on the price of energy. In this way it would perhaps be possible both to solve the gas problems and environmental problems and at the same time see to it that industry's competitiveness does not suffer from this," Niels Gram believes, who thereby wants "the ball passed back to the energy authorities, where it rightfully belongs," obviously addressing Energy Minister Knud Enggaard.

"At the same time I believe that the electric power plants should formally have allowed the energy minister to issue a direct order for the purchase of gas at an overcharge, instead of rashly entering into a 'voluntary' agreement." Niels Gram says.

The energy minister can issue such an order by pleading "energy policy or supply ensurance" conditions. And according to Niels Gram it is then a question of whether these conditions are identical with DONG's problems in getting the gas sold.

## Handicrafts

According to Engineer Pia Kjaergaard of the Handicrafts Council, the bill for a typical forging firm with six men in the workshop will be between 600 and 1000 kroner per year, while a medium-sized furniture firm will receive an additional bill of between 5000 and 9000 kroner.

"I simply do not understand why instead a serious study is not made of the possibilities of renegotiation of the gas contract with DUC," Pia Kjaergaard says to BERLINGSKE TIDENDE. At the same time she believes that at least a study should be made of the possibilities of reducing the price for large industrial customers in order in this manner to have more gas sold, to the benefit of industry, instead of selling part of the gas at a loss to the electric power plants which previously have been using inexpensive coal.

"I simply do not believe that this is the right way to do this, with regard to the community," she says.

## Daily Cites Poor Solution

Copenhagen BERLINGSKE TIDENDE in Danish 4 May 84 p 8

[Editorial: "Good Money For Bad Things"]

[Text] Realistic estimates have hardly ever been able to show that the natural gas project was a good idea socioeconomically. Of course, no one, when all is said and done, knows the project's profitability before long into its earnings period. The same holds true for private investment projects, but this does not prevent--especially when investment decisions are to be made--an attempt's being able to be made to come up with the best possible economic estimates. However, as far as natural gas is concerned, it has been difficult to have confidence in the estimates which constituted the basis for the project's start. It has been a question of a dubious plan from the socioeconomic viewpoint.

It is as though this fate is still to pursue DONG and natural gas. After the considerable problems concerning the gas project's economics had eventually been acknowledged by DONG's leadership and by the energy minister this spring, a compromise agreement was established in haste between the government and the Social Democrats, and this has now been followed up by agreements between DONG and the country's two electric power associations. After this a gigantic supply of capital for DONG was agreed upon--although it is for the time being somewhat unclear who the contributors will be; natural gas, contrary to all planning prerequisites hitherto, is to be introduced at, for the present, five power plants; the conversion of district heating plants and central heating plants from oil to coal is to be prevented; etc. The whole thing has taken place very quickly, and it is difficult to see how an attempt has at all been made to ensure that the new decisions rest on a reasonable socioeconomic basis.

Other measures for resolution of the DONG crisis would perhaps have been better. For instance, it is still incomprehensible how it can be reasonable economically to force the electric power plants to, after an investment of hundreds of millions, convert to partial natural gas firing, whereas it has not at all been possible to save on the imminently very expensive expansion of power plants in the capital area, and then instead to expand the natural gas area. The latter could even have been carried out after a much shorter respite than the now imminent rebuilding at the existing plants.

It must be assumed that the Energy Ministry is in possession of estimates which show that in spite of all reasonable presuppositions what has been decided is reasonable all the same. The ministry ought to publish these estimates now. For otherwise the suspicion must be that once again commitments have been made which are economically indefensible. As happened earlier in the natural gas project. As when an oil pipeline from the North Sea was gone through with, which in the A.P. Møller shipping company's opinion will result in quintupling of oil transport costs. The ministry must make clear the fact that the State once again has not thrown good money at bad things.

## Large Coal-Fired Plants Planned

Copenhagen BERLINGSKE TIDENDE in Danish 4 May 84 Sect III p 16

[Article by Peter Kjelstrup: "Building Two Coal-Fired Plants in Spite of Agreement on Gas"]

[Text] Simultaneously with entry into the agreement for the purchase of natural gas for the electric power plants, the Zealand electric power plants have made certain that the plans for the two gigantic coal-fired plants in Amager and Avedøre Holme are carried out.

The electric power plants have succeeded in making sure that the two large coal-fired heating and power plants planned for the Amager Power Plant and at Avedøre Holme, respectively, will be built anyway. This is the result of an additional agreement which the Zealand electric power plants have entered into with DONG and the Energy Ministry, while at the same time the electric power plants have agreed to purchase 2.5 billion cubic meters of natural gas up to 1991. A purchase which will raise the price of electricity by 2.5 øre, including the value added tax.

During the negotiations between DONG and the government, the natural gas company was more or less successful in getting the government to give up in any case one of these heating and power plants, which would ensure the capital area one of the world's largest continuous district heating systems. Instead, houses are to be heated with natural gas.

In a supplementary agreement to the natural gas agreement which has just been entered into, it reads that Elkraft, DONG and the Energy Ministry "recommend" that the plan for power plant expansion be retained. This means that the two coal-fired plants are to be built at the same time and are to be completed already in 1989.

Therefore, the parties recommend that the required hearing by the authorities be "pushed ahead as much as possible."

At the same time the Municipality of Copenhagen has promised that "natural gas will be purchased as quickly as possible," so, among others, certain areas in Brønshøj, Husum and Vanløse are now getting gas instead of district heating, as planned. The Municipality of Copenhagen owns the Amager Power Plant. The unit to come, however, will be built by Elkraft. At the same time, the municipalities behind the planning company for the "Western Region Municipalities' Heating and Power Company" which is to sell heat from the coming heating and power plant at Avedøre Holme, have promised to ensure the greatest possible purchase of natural gas.

The electric power plants' price for the natural gas is dependent on how much they will have to purchase. The first billion cubic meters cost DONG's purchase price from DUC plus 13.79 percent. Thus, here there will be a little for payment of interest on DONG's billion-kroner plant. The next billion will be sold at the net "purchase price," while the last half billion will be sold at

a loss for DONG of 24.14 percent, as compared with the purchase price at the Tyra platform in the North Sea.

The motivation for these prices is that they put pressure on DONG to sell the most possible gas to the most lucrative customers.

The total excess cost for electric power consumers for allowing a total of five electric power plants to fire with gas instead of coal is estimated to be two billion kroner plus any value added tax in the agreement period, which runs to the 1991 heating season.

Finally, the entire agreement assumes that changes will be made in the existing legislation if this is necessary.

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SOVIETS FINE FISHERMEN IN BALTIC

Copenhagen Godthaab GRONLANDSPOSTEN in Danish 28 Mar 84 p 15

[Article: "Heavy Fines in Soviet Court"]

[Text] A Danish cutter that drifted into Soviet waters fined 313,000 kroner. Danish fishermen as well apparently cheat the fisheries inspection--if they can.

It is expensive to fish illegally in Soviet waters. This was learned by salmon fisherman from Bornholm when according to DANISH FISHERIES TIMES he drifted into the Soviet zone with salmon hooks in the water. The Bornholm man hauled out of the water 44 salmon in the Soviet zone, and the resulting fine was no less than 313,000 kroner.

From the article it appears that the Soviet fisheries inspection views illegal fishing for salmon with great severity. This is because salmon is a fish in which there is great interest in preparing as intact a stock as possible.

The article makes apparent that the German fishermen, in such bad repute in Greenland waters, are not the only ones to cheat and swindle the fisheries inspection when they can get away with it.

The skipper of the Bornholm cutter stated cheerfully to DANISH FISHERIES TIMES that the Soviet inspectors wondered about their being no logbook aboard.

"They accepted it, however, when I explained that rules in Denmark are less strict. The logbook was well hidden under a mattress," says the skipper.

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## COUNTRY TO CUT ACIDIC SULPHUR EMISSIONS BY FORTY PERCENT

Stockholm DAGENS NYHETER in Swedish 11 May 84 p 20

[Article by Lasse Johansson]

[Text] Denmark will reduce its acidic sulphur emission from electric power plants by 40 percent by the year 1995. The Danish Folketing agreed on that Wednesday in a resolution that went further than the government's proposal.

The agreement means that over a 10-year period Danish electric plants must limit their sulphur emission to 130,000 tons a year. Around 20,000 tons of Denmark's sulphur emission fall on Sweden each year. This is only a small part of the acid fallout, but any reduction eases the pressure on lakes, woods and fields.

## Sulphur Fallout Totals 500,000 Tons

Almost 500,000 tons of sulphur fall on Sweden each year. A fifth of this amount comes from our own emissions and the rest comes from various countries in Europe.

"A reduction of the Danish emission does not mean much with regard to the total acid problem in Sweden, but the decision is another important step in the right direction," said William Dickson of the state Environmental Protection Agency.

Denmark has not yet experienced much direct acid damage. Corrosion--damage to various metals--is the biggest concern. Only a few lakes have been affected due to the lime-rich bedrock which neutralizes the acid rain and so far the forests have not suffered any damage, in the opinion of the Danes.

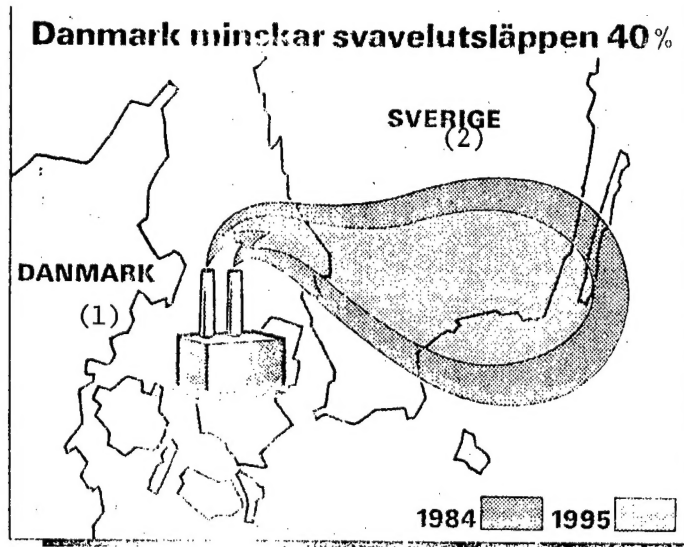
## Thirty Club

Denmark is part of the so-called Thirty Club: a number of countries in the Nordic region, Europe and North America that have promised to cut their emission by 30 percent over a 10-year period.

"A figure of 30 percent seems trifling, but if Denmark can come up with 40 percent without really being forced to, it demonstrates good will," William Dickson said.

"In Sweden we would have no major problem in cutting our emissions by 50 percent, but we would have to cut them by 70 percent to get the acid problem under control," said William Dickson.

The Danish decision is a sign that a start is now being made to deal with the acid problem. The extensive debate on forestry subsidies has had an impact on public opinion and the decision makers. In the early summer and throughout the rest of the year a great many conferences and political meetings will be held in various places in Europe to hurry up the work that has to be done to deal with the deadly acid rain problem. In many cases this will hit the inhabitants of the various countries right in the pocketbook.



#### Denmark Will Cut Sulphur Emissions by 40 Percent

Denmark will reduce its acidic sulphur emissions. By 1995 sulphur fallout from Denmark over Sweden will decline from 20,000 to 12,000 tons a year. Sweden is exposed to a total of almost 500,000 tons of sulphur a year; in 1978 we ourselves were responsible for 100,000 tons of this amount.

Key:

1. Denmark

2. Sweden

## More Expensive

For Danish consumers Wednesday's decision means that electric bills will increase by several hundred Danish kroner a year. Electric power plants must be remodeled with the help of the investment of around 1 billion Danish kroner a year. But opinion polls taken by the Greenpeace environmental organization show that a vast majority of consumers are willing to pay for a reduction of sulphur pollution.

We will benefit from this in Sweden too, for although the Danish emissions that affect us are not so large, they can be a very important factor in the acid problem in the southwestern parts of this country.

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NEW METHOD TO 'CLEAN' ARSENIC FROM CONTAMINATED EARTH

Stockholm DAGENS NYHETER in Swedish 8 May 84 p 42

[Article by Matts Dahlstrom]

[Text] Boliden Metal has found a method for removing arsenic from soil. Some 400,000 tons of arsenic-contaminated soil from the Telecommunications Agency's closed impregnation plant in Kallviken, south of Falun, will probably be shipped by train to Boliden Metal in Skelleftehamn in 200 freight cars.

The arsenic content will be reclaimed and used in processing copper at the plant.

That will rid Falun of an environmental problem that has burdened the community since 1972 when the Kallviken facility was shut down.

Environmental protection chief Rolf Svedberg of Boliden Metal told DAGENS NYHETER that the economic feasibility of such a large-scale train shipment of arsenic-contaminated soil remains to be studied.

Boliden Metal must also give a price for the arsenic soil.

"It is uncommon for us to consider dirt as a smelting material," Rolf Svedberg said.

A final decision on the shipment cannot be made until the economic aspects have been studied thoroughly.

Tablespoonful Deadly

A few years ago the Falun Board of Health discovered that the soil in Kallviken was heavily contaminated with arsenic. The area that was most heavily poisoned was closed off with a wildlife fence since it was said that a tablespoonful of dirt could be fatal to a human being.

A report by the Telecommunications Agency showed that the impregnation of poles at Kallviken took place in the period 1946-72. During this period large quantities of the arsenic preparation spilled directly onto the ground.

Some 50 cubic meters of impregnation solution also ran out on ground nearby when an arsenic tank was damaged.

The Telecommunications Agency also found arsenic in areas that were never used for storing poles and that lay outside the direction of surface water runoff, possibly because surface water and ground water flow in separate channels, so that the contamination could have been spread by the ground water.

#### Soil Tests

Boliden Metal entered the cleanup discussion last year. Environmental protection chief Rolf Svedberg was in Kallviken in the fall and took soil tests which were analyzed thoroughly with the idea of possibly reclaiming the arsenic content.

On 15 May officials from the health care authority and the county council's conservation unit in Falun will meet to discuss which law should apply to the cleanup decision.

The owner of the land, Skanska Cement, can be given a cleanup order under either public health care legislation or environmental protection legislation, according to Falun health care head Erland Fernerud.

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